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WEATHER — PARIS: Thursday, rain, Temp. 6-10 (40-50). CHAMBERS: Thursday, rain, Temp. 6-10 (40-50). NEW YORK: Thursday, rain, Temp. 6-10 (40-50).

to 30,119

PARIS, THURSDAY, DECEMBER 13, 1979

Established 1887

Britain Resumes Rhodesia Rule as Governor Arrives

SALISBURY, Dec. 12 (UPI) — Britain resumed control of Rhodesia today — despite the absence of a fire — to end a 14-year-old rebellion against the crown. The country's new ruler stepped on Rhodesian soil at 2:15 p.m. and was greeted by a small party led by Bishop Muzorewa.

Former Prime Minister Ian Smith, who unilaterally declared Rhodesia independent 14 years ago, was invited to be in the welcoming party but chose to boycott the event.

The whites in the welcoming committee were outgoing Finance Minister David Smith and Justice Minister Christopher Andersen, both members of Mr. Smith's all-white Rhodesian Front party.

A band made up of black police played "God Save the Queen" and Lord Soames, escorted by Police Commissioner Peter Allum, reviewed a police honor guard. Then Lord Soames, Churchill's son-in-law, walked toward his sedan.

If he looked left, he saw on the air force section of the airport two aging air force bombers of the type often used to attack guerrilla camps across Rhodesia's borders, as well as three C-47s used to carry commandos into battle.

If he looked right, he saw a green and white DC-6 belonging to Africa, a company, that has carried imports and exports in violation of the sanctions program that Britain hoped would end Mr. Smith's rebellion in weeks.

As the guerrilla war intensified, Mr. Smith turned power over to Bishop Muzorewa in May under an agreement that left Rhodesia's 230,000 whites with considerable power, including a veto power on constitutional changes.

U.K. Sanctions to End LONDON, Dec. 12 (AP) — Trade sanctions imposed by Britain on Rhodesia 14 years ago will be lifted at midnight, the Trade Department announced today in a move designed to accept Patriotic Front guerrillas to end a cease-fire.

But agreement to end the seven-year war in Rhodesia continued to appear elusive as guerrilla leaders argued over the disposition of their forces under the cease-fire plan proposed by Britain.

The sanctions move, expected to be followed by similar action by the United Nations Security Council, followed the arrival in Salisbury of Lord Soames.

U.S. to Follow Lead WASHINGTON, Dec. 12 (AP) — Despite objections from Donald McHenry, the U.S. ambassador to the United Nations, the Carter administration plans to follow Britain's lead and lift economic sanctions against Rhodesia without formal approval by the UN Security Council.

The administration said that it (Continued on Page 2, Col. 5)



Lord Soames reviews a Rhodesian honor guard yesterday during airport ceremonies in Salisbury. With his arrival, the country returned to British authority for a transition to legal independence.

Dutch Reject Missiles

NATO Will Deploy New Nuclear Force

By Joseph Fitchett

BRUSSELS, Dec. 12 (IHT) — NATO ministers today approved a program to build and deploy a nuclear force in Western Europe capable of hitting targets in the Soviet Union.

Participants said the decision was the most significant military development for NATO since the alliance decided in 1957 to introduce nuclear missiles into Western Europe — intermediate-range arms that were withdrawn after the Cuban missile crisis.

The NATO countries plan to deploy the new missiles in 1983 in West Germany, Britain, Italy and Belgium.

The Netherlands, which had been assigned 48 missiles, refused to accept them on its territory because the government — which supported the program — was unable to overcome the objections of its coalition partners. However, NATO Secretary-General Joseph Luns told United Press International, that "the Netherlands may accept them later."

Belgium informed its allies that it will review its commitment in six months. Belgian diplomats said that this formula enables the Belgian government to placate opponents of the plan, gain time to consolidate its domestic political position while at the same time adhering to the NATO program.

Although U.S. Defense Secretary Harold Brown expressed satisfaction with the outcome and NATO's near unanimity, other officials feared the reluctance in the Netherlands and Belgium will harden Soviet opposition to the program.

Mr. Luns, speaking at a news conference said: "I would be less than candid if I said the NATO countries are enthusiastic about the plan."

The final communiqué was de-



NATO ministers meet in Brussels yesterday to discuss the deployment of medium-range missiles in Western Europe.

Washington Orders Iran to Withdraw 180 Diplomats

WASHINGTON, Dec. 12 (AP) — The State Department today ordered Iran to reduce its embassy staff in Washington and at four other diplomatic offices to skeleton levels.

Iranian radio broadcast the contents of a letter purportedly written last Sunday by Sen. Kennedy to Ayatollah Khomeini asking for a meeting and pledging to "give my blood for your sake." The radio said that the meeting was intended to review the crisis involving the seizure of the U.S. Embassy in Tehran on Nov. 4 and the holding of the 52 hostages.

The letter was reported in some Iranian newspapers.

In Boston today, Sen. Kennedy called the letter "a total fabrication." And one of his aides, Richard Burke, said, "It's not so. The senator has made no communication whatsoever with the ayatollah, and that broadcast is totally false."

Foreign Minister Sadegh Ghotbzadeh indicated that he was willing to accept the denial because he understood that Sen. Kennedy's approach had caused him political problems at home. He then said that a telegram with Sen. Kennedy's name had gone to Ayatollah Khomeini.

"But today, in view of the atmosphere prevailing in the United States and the attacks that have been made on Mr. Kennedy following his positive stand on the shah's crimes, he issued the denial," Mr. Ghotbzadeh said. "Since he has denied it, we accept it as a denial."

Syed Ahmad Khomeini, the Islamic leader's son, issued his own statement: "The original letter is with me, but since Mr. Kennedy has seen this published and it has become bad [for him] this is another matter."

He then further confused the situation by stating: "Incidentally, this is not the first time he ever went to Mr. [Mehdi] Haysi [Iran's resident Foreign Ministry adviser in the United States] and wanted to talk to the imam and solve the hostage problem. The imam did not accept."

In Tehran, the militants holding the hostages denounced the International Court of Justice at The Hague for hearing a U.S. appeal on the embassy seizure. They also condemned Secretary of State Cyrus Vance's trip through Europe. Mr. Vance was attempting to gain support for possible economic sanctions against Iran.

The militants also issued a communique addressed to West European nations urging them to support Iran's demands.

برای ما

شما و جمعیت ۳۵ میلیونی ایران در برابر
۲۲ میلیون جمعیت آن ایستاد
من شدیداً کوشش می‌کنم
که تمام مردم را از
سر مشق‌هایی که شما را
دادند آگاه نمایم

This front-page article in a Tehran newspaper claims that Ayatollah Khomeini has received letter from Sen. Edward Kennedy.

South Korea Martial Law Chief Reportedly Arrested

SEOUL, Dec. 12 (UPI) — Gen. Chung Seung Hwa, the martial law commander and army chief of staff who was implicated by secret testimony in the assassination of Park Chung Hee, the former president, was arrested at his home tonight after a gunbattle, unofficial reports said.

Gen. Chung and two of his aides were wounded, the reports said.

Tanks and armored cars took up positions at key points in Seoul after the shooting in the Hannam-dong area of the city.

There was no immediate explanation by the government but unofficial reports said that shooting began when a detachment of soldiers went to arrest Gen. Chung, martial law commander since the slaying of Park on Oct. 26.

Witnesses said that all lights went out at Gen. Chung's official residence at about 8 p.m. and that dozens of gunshots rang out inside the house. Three armored vehicles, 11 army trucks and large numbers of troops were later seen deployed in the area, they said.

Traffic was cut off following the firing, but the troops left the area after three hours, according to the witnesses.

The action against the army chief occurred following secret testimony by Park's accused assassin, Kim Jae Kyn, that implicated the general in the slaying of the president, the reports said.

The reports, which have not been confirmed by authorities, said that the operation against the army chief was part of a plan to remove him from power.

Gen. Chung was the chief of the army in 1978 when he was accused of ordering the assassination of Park Chung Hee. He was later promoted to the position of martial law commander.

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Italy Train Detaches; 240 Injured in Crash

NAPLES, Dec. 12 (AP) — The last car of a commuter train broke loose and crashed with another car on a downhill stretch of the railroad line skirting Mount Vesuvius today, slightly injuring about 240 passengers, authorities reported.

The two-car train was moving through a tunnel when the last car snapped loose and rammed into the car in front as the locomotive slowed down.

At a court-martial earlier this week, Mr. Kim dismissed his defense lawyers and unconfirmed reports said he then told investigators he would meet him at a separate meal.

The reports cleared the army general of any suspicion of involvement.

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in a secret meeting that the army chief had been involved in the assassination plot.

The testimony led to the detention of Gen. Chung, which occurred the same day on which the National Assembly approved the appointment of Shin Hyon Hwak as premier despite a boycott by the opposition.

The confirmation of Mr. Shin cleared the way for the establishment of a new Cabinet.

Opposition lawmakers today boycotted a plenary session of the one-house parliament to oppose Mr. Shin's installation. Mr. Shin, however, won confirmation with the consent of all the 143 pro-government legislators present.

The opposition New Democratic and Democratic Union parties argued that consenting to Mr. Shin's appointment would be tantamount to accepting the political system adopted by Park.

Ruperez Freed by Basque Kidnappers

By James M. Markham

MADRID, Dec. 12 (NYT) — Javier Ruperez, foreign affairs spokesman for Spain's governing party and a member of the Cortes, was freed in good health today by Basque guerrillas who had held him for 31 days.

The 38-year-old Mr. Ruperez, a liberal member of the ruling Union of the Democratic Center, was left by his captors on a main highway outside of the city of Burgos. He was immediately taken to Madrid, where he was reunited with his family and where he met with Premier Adolfo Suarez.

The liberation of Mr. Ruperez was a psychological victory for Mr. Suarez, whose government officially maintained that it would not negotiate with the Basque kidnappers but at the same time quietly encouraged gestures that would appease them.

The kidnappers, members of the so-called political-military wing of the separatist organization ETA, had insisted that six Basque guerrillas be freed and that the government open an inquiry into allegations of torture in the tense northern region.

One key intermediary was the veteran Christian-Democrat figure Joaquin Ruiz Jimenez, who put together a prestigious committee dedicated to Mr. Ruperez's freedom.

The committee, in collaboration with several prominent lawyers, also said it would issue a report on treatment of Basque guerrilla suspects — one of the main goals of the kidnappers.

One imponderable of the Ruperez affair, which almost paralyzed political life for a month and monopolized Mr. Suarez's schedule, is the impact it will have on far-left Basque politics.

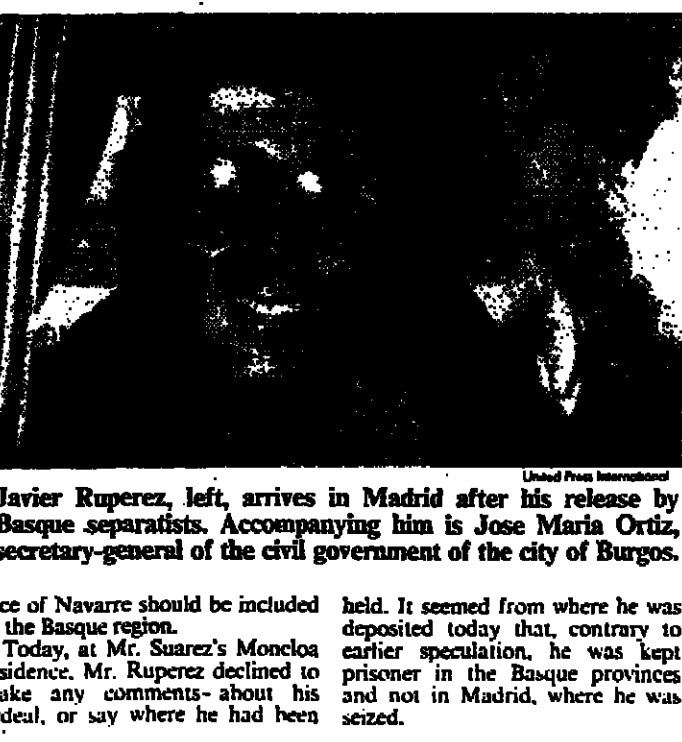
Earlier this month, in a communique insisting on amnesty for what it calls Basque political prisoners, the "poli-milis" sharply attacked the hard-line military wing of ETA,

which the day before had killed three Civil Guardsmen in the town of Asteiz. This year, Basque guerrillas have killed 70 persons, and the "poli-milis" have clearly split with their erstwhile comrades over the political usefulness of violence.

Since the approval of an autonomy statute for three northern Basque provinces in October, there has been a growing distaste among ordinary Basques for ETA's armed actions, and Mr. Ruperez's kidnapping was widely condemned there.

Mr. Ruperez was freed early in the morning near a highway restaurant about 142 miles north of Madrid. He was given a blanket by his captors to protect him against the cold.

Last night, a Bilbao radio station broadcast a purported taped interrogation with Mr. Ruperez in which he stated that he believed torture was being used in the northern region, that the government could grant an amnesty and that the prov-



Javier Ruperez, left, arrives in Madrid after his release by Basque separatists. Accompanying him is Jose Maria Ortiz, secretary-general of the civil government of the city of Burgos.

Proposes 3.5% Increase for 1981

Carter Plans 5-Year Defense Budget Rise

By Fred Farris

WASHINGTON, Dec. 12 (IHT) — Calling the Iranian crisis "a vivid reminder of the need for a strong and united America," President Carter today proposed a five-year increase in defense spending.

The president said that the proposal was aimed at meeting Soviet military challenges and attaining quicker U.S. reaction to trouble in remote areas.

Making his first policy address since the Iranian seizure of the U.S. Embassy on Nov. 4, the president declared that the United States "must be prepared to deal with hostile actions against our citizens or our vital interests."

In the proposed defense spending increases of more than 4 percent a year above inflation, the president called for improving strategic forces, strengthening units in Europe and the Pacific, modernizing the Navy and adopting new measures to permit "rapid deployment of the forces we already have."

Quick Strike Force While he did not refer in this latter connection to the Iranian situation, Mr. Carter ticked off planned moves designed to aid in getting U.S. troops quickly to troubled areas like the Middle East and Gulf.

Addressing the Business Council, a panel of senior business leaders, at the White House, Mr. Carter said: "The first will be a new fleet of maritime pre-positioning ships that will carry the heavy equipment and supplies for three Marine brigades, and that can be stationed in forward areas where U.S. forces may be needed."

"With their supplies already near the scene of action, the troops themselves can move in by air."

The president said that additionally there would be a "new fleet of large cargo aircraft to carry army tanks and other equipment over intercontinental distances."

Mr. Carter said that Soviet defense spending over the last two decades had risen by 3 to 4 percent a year in real terms — that is, after allowing for inflation.

"The steady buildup by the Soviets, and their growing inclination to rely on military power to exploit turbulent situations, call for a calm, deliberate and sustained American response."

The SALT-2 treaty is bogged down in the Senate, with no action expected until perhaps early next year. Critics of the treaty, or senators who worry about lagging U.S. defense efforts compared with the Russians, urged the president to disclose his proposed defense spending plans earlier than he normally would for the fiscal year starting next Oct. 1 so they could analyze the proposals before taking up the SALT-2 agreement.

Mr. Carter said that his budget for fiscal 1981 will propose that funding authority for defense be raised "to more than \$157 billion, a great growth of more than 5 percent" over his request for the present fiscal year, which began last Oct. 1.

Actual spending would not increase as sharply, however. The president said that fiscal year 1981 spending would increase by more than 3 percent in real terms, but he gave no figures. Pentagon sources said that the figure would be 3.5 percent.

Administration sources said, however, that proposed defense spending would go from \$127.4 billion to \$142 billion.

The president said that carrying out his defense plan would take five years or longer, and pledged that real funding would increase by an average of more than 4 percent annually for five years.

"If inflation exceeds the projected rates, I intend to increase the defense budget as needed," he said.

Predicting "continued turbulence and upheaval" in the 1980s, the president said that the issue facing the United States was "not whether we should be strong, but how will we be strong" to deal with unexpected events in a "dangerous and uncertain world."

EEC Parliament Gets Concessions On 1980 Budget

STRASBOURG, France, Dec. 12 (Reuters) — Ministers of the European Economic Community today offered concessions to the European Parliament to dissuade it from rejecting the \$22-billion EEC budget for 1980, informed sources said.

Ministers from the nine governments deliberated for more than two hours before compromise talks with a parliamentary delegation that lasted well into the night. The sources said the governments were ready to spend more than had been proposed on reducing unemployment and underdevelopment, and on increasing energy research.

The ministers agreed to consider the Parliament's demand for a tax on dairy farmers aimed at reducing the EEC milk surplus. However, Dutch Socialist Piet Dankert, whose resolution recommending rejection will be voted on tomorrow, told journalists tonight that the Parliament was pressing for a firmer commitment on this.

The Socialist group and Italian Communists have spoken out strongly against the proposed budget. British Conservatives and the Christian Democratic group, whose votes will be crucial, have demanded major concessions in exchange for their votes. Observers expected the outcome tomorrow to be close.

U.S. Networks Defend Their Coverage

Washington Frustrated by Iran's Use of 'TV Diplomacy'

By Steven R. Weisman

WASHINGTON, Dec. 12 (NYT) — Day after day, Foreign Minister Sadegh Ghorbadeh of Iran is interviewed on U.S. television by American reporters. Day after day, State Department officials acknowledge that they have been unable to establish direct contact with Mr. Ghorbadeh or others in the Iranian government.

As a result, the Carter administration has been increasingly frustrated lately over what a senior official has termed television diplomacy in the Iranian crisis.

Last week, for instance, Hoddington Carter 3d, a State Department spokesman, commented privately before a group at Princeton that the recent television interviews with Ayatollah Ruhollah Khomeini might rhetorically have boxed the revolutionary leader into a corner on the subject of possible trials of the 50 hostages in Tehran. Pressed by interviewers, the ayatollah said that the hostages definitely would go on trial.

The interviews, the spokesman said, "put into concrete what could have been dismissed as a muttering behind closed walls." Later he said that he had been speaking personally, off the record and not in his official capacity as spokesman. But he acknowledged that he felt that, from the Iranian perspective, the interviews made the trials almost inevitable.

TV Executives

His views were disputed by the chief executives of the three television networks. William Leonard, president of CBS News, said that he found it most difficult to believe that the ayatollah would not have made the statements about the trials if the networks had not interviewed him.

Nonetheless, administration officials continued to maintain privately that some of the questions aimed at Iranian officials had been "soft" and perhaps overly deferential. An official expressed annoyance that Mr. Ghorbadeh, for example, had not been pressed harder about the condition of the U.S. hostages.

In interviews on Monday, the network news executives disputed this criticism as well. "I'm sure the people at the State Department

wish they were doing the interviews," said William Small, president of NBC News. "But we're not going to go out of the business of informing the American people. Our guys are not there to debate the Iranians. They're there to elicit information."

U.S. Says Marine's Answers Show Pressure on Hostages

By Bernard Gwertzman

WASHINGTON, Dec. 12 (NYT) — The Carter administration said yesterday that the first televised interview with a U.S. hostage in Iran had added nothing to the United States' knowledge of the situation but might have the effect of heightening world concern about the fate of the 50 captives.

At both the White House and State Department, spokesmen said that Monday night's NBC interview with Marine Cpl. William Gallegos inadvertently had underscored the U.S. administration's repeated contention that the hostages were being subjected to severe psychological pressures by being deprived of normal communication with each other and threatened with possible espionage trials.

Administration officials, meanwhile, said that plans were going ahead behind the scenes for the imposition of additional economic measures against Iran if there was no progress soon in the release of the hostages. They said that Secretary of State Cyrus Vance had informed the British, French, Italian and West German of the U.S. plans and would tell other allies at the North Atlantic Treaty Organization meeting today in Brussels.

The main question left, officials said, was whether the United States would decide to act unilaterally, in concert with some allies or through the UN Security Council.

U.S. Spokesmen

Jody Powell, the White House spokesman, and Thomas Roston, speaking for the State Department, accused the Iranian militants of trying to divert attention from the fate of the 50 hostages by allowing only one of them to be shown publicly. "All Americans should be reminded that for over five weeks this government has been seeking to get some neutral foreign observers into the embassy to see these people," Mr. Roston said. "At every step, we have been refused the right to have impartial observers see all of the hostages," he said.

Mr. Powell said that the interview "added nothing to our knowledge of the sum total of the situation." He added, "It may be that this interview, which has been viewed by many — as it is viewed by the administration — as cruel and cynical, will serve to heighten the concern about the fate of the hostages in the world community," he said.

Although Mr. Powell said that the government had learned nothing new from the interview, State Department officials were interested in the corporal's statement that mail, although censored, was now being received by the hostages. The State Department had been trying for weeks to work out a system for sending mail to the hostages.

Cpl. Gallegos said in the interview that he could only account personally for about 30 hostages. That created new concern here for the other 20, who are believed to include the senior Foreign Service officers, the ones most likely to be pressed to testify if Iran goes ahead with its current plan for an international inquiry into alleged U.S.

Officials at both the networks and in Washington agreed that the Carter administration's frustrations stemmed from various sources. Not the least of these is the unusual fact that virtually every night Iran's leaders are on television with appeals to the American people at a

time when U.S. diplomats have been frustrated in their attempts to make their own contacts.

Some officials noted that the coverage of the Iranian crisis reflected a classic difference in perspective between government and journalists. State Department aides are in-

terested in keeping Iran's positions ambiguous or fluid so that either they or other diplomats can negotiate. Journalists, on the other hand, tend to ask questions with the aim of eliminating ambiguities.

Several times recently, for example, journalists asked the Iranians on television whether executions of the hostages were possible. The question made State Department officials cringe.

The networks, however, are not entirely insensitive to the complaints that television offers a propaganda forum for the Iranians. On Monday, for example, two networks, CBS and ABC, said that they had declined to air an interview with one of the hostages — the first such interview since the crisis began with the seizure of the U.S. Embassy in Tehran on Nov. 4.

NBC aired the interview on Monday night. "The students obviously want to get the story out that the hostages are being treated well, which this hostage says is true," said Mr. Small at NBC. "We feel we're performing an important public service."

The Iranian crisis, while unusual, has not been the first occasion in which reporters from U.S. news organizations have made contact with foreign leaders who were out of touch with U.S. officials. Other such episodes occurred frequently during the Vietnam War.

And during the various impasses in the Middle East, television correspondents with access to Prime Minister Menachem Begin of Israel and President Anwar Sadat of Egypt asked numerous hypothetical questions about their negotiating positions. But they also were given credit for helping to arrange the first meeting between the two.

Cryptic Word From Hostage Puzzles Officials

WASHINGTON, Dec. 12 (WP) — No one in Washington can say for sure what Marine Cpl. William Gallegos, a hostage in Iran, meant by the cryptic word "mushroom" during his network television interview, but it apparently is not a secret government code.

Toward the end of the interview on Monday, Cpl. Gallegos said: "I was with a couple of political officers before we were up here in some of the houses. I was with one of them and after that we were moved down to this other place — mushroom — and I haven't seen the other one. And then they were taken away with some other ones."

Mushroom? Many military officers and federal bureaucrats are familiar with a colloquial wisecrack referring to the cultivation of mushrooms. If things are confused, a bureaucrat or soldier is likely to remark: "I must be a mushroom because they are keeping me in the dark and feeding me horse shit."

Democrats Now Favor Carter, Poll Says

By Hedrick Smith

WASHINGTON, Dec. 12 (NYT) — For the first time in almost two years, the Gallup Poll reported yesterday that President Carter is running ahead of Sen. Edward Kennedy, D-Mass., among Democrats across the nation, a dramatic reversal reflecting a sharp jump in public approval of Mr. Carter's performance as president since the Iranian crisis began.

Other recent polls have shown the president leading Sen. Kennedy among Democrats and independents combined, and narrowing the gap among Democrats alone, but the Gallup Poll completed Sunday was the first to show Mr. Carter as the favorite choice among Democrats nationally.

Among a sample of 530 Democrats, Mr. Carter was the choice of 48 percent to 40 percent for Sen. Kennedy. In a sample of that size, the margin of error is 5 percent either way, meaning that technically the two men could have been neck-and-neck or Sen. Kennedy could hold a very narrow lead. But Gallup officials emphasized that the strong probability was that Mr. Carter held a significant lead for the first time.

Dramatic Switch

The figures represent a dramatic switch from earlier Gallup and other poll findings since March, 1978, and even as late as mid-November when Sen. Kennedy held a substantial 55-to-36 margin over the president. The results of the latest poll, Gallup officials said, reflect not only strong public approval of the president's handling of the Iranian crisis but the critical view of Sen. Kennedy's remarks about the deposed shah of Iran.

The Gallup findings, based on national polling Dec. 7-9, also showed that the president had jumped to strong leads in trial heats against President Ford and Ronald Reagan. They showed that Sen. Kennedy's margin over Mr. Reagan had diminished sharply and that he now trails Mr. Ford.

Pollsters as well as spokesmen for both the Carter and Kennedy campaigns cited the Iranian crisis as a special situation that has caused the public to rally around Mr. Carter.

"Like all polls, whatever they are — they're temporary," commented Paul Kirk, a leading strategist of the Kennedy campaign. "The results are not too surprising given the singular topic that's been on the front pages, on the media and on people's attention. With that kind of situation going on for a month or more, there's a natural unity behind the presidency, inflation, the economy and the cost of energy will come on stage."

Kinds of Leadership

The Iranian crisis, said Robert Strauss, the president's campaign manager, had given Mr. Carter a chance "to show that leadership is not just emotional appeals or stump speeches but sometimes it's quiet, firm, steady actions, the courage not to do things that are counterproductive."

Other presidents have also improved during foreign crises, as the nation rallied to their support, and later lost their gains. But none shot up as dramatically as Mr. Carter has recently.

Gallup Poll officials called the latest findings "a stunning upturn" that was unprecedented in four decades of presidential approval polling.

Earlier in the day, Stephen Smith, Sen. Kennedy's campaign manager, predicted that the Democratic contest in 1980 was not likely to produce a knockout blow in early primaries but would probably be a hard-fought contest all the way to the convention in New York next August.

Remarks Defended

At a breakfast meeting with reporters, he defended the Kennedy campaign against persistent questioning about Sen. Kennedy's early oratorical awkwardness, against criticism of his comments 10 days ago that the shah had operated "one of the most violent regimes" in history and against suggestions that the campaign generally had a ragged beginning. There had been, he said, "some confusion and unevenness."

Because of a rushed timetable, he said, Sen. Kennedy had been overscheduled and not sufficiently well prepared. He said that as a platform speaker, the senator could be excellent, but he added, "At the moment that is not the case [but] he'll find his pace again."

"We started from zero," Mr. Smith asserted. "I don't think there's any one else in the country who could in six weeks have raised \$2.5 to \$3 million, put together a staff of 75 first-rate people and field organizations in 23 states, plus a detailed plan for New England states. I think that's a rather remarkable achievement."

Lord Soames In Salisbury

(Continued from Page 1)

would lift sanctions within 30 days of the British governor's arrival if the current negotiations in London between the conflicting Rhodesian factions result in a settlement. Britain reported an agreement in principle on a cease-fire at the talks last week, but no formal agreement has been signed.

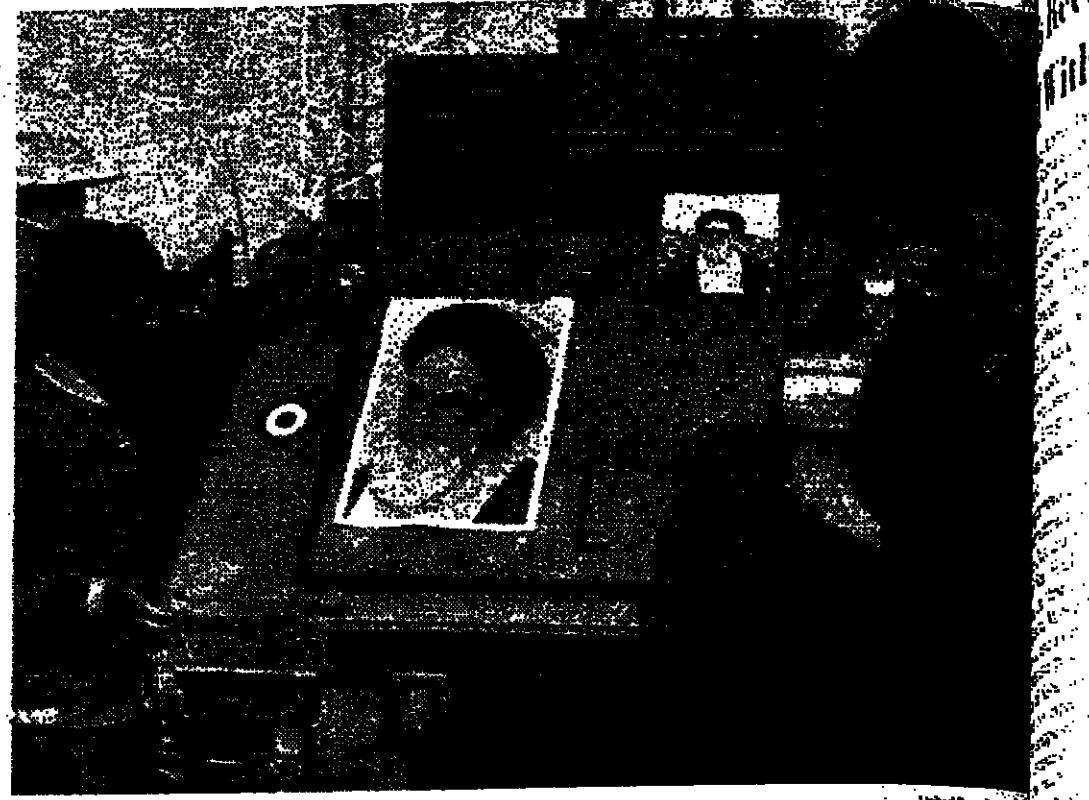
Since then, informed sources said, the State Department has debated whether UN approval is necessary before the United States lifts the sanctions.

The debate has been particularly keen because of the crisis in Iran. Some officials have argued that the United States cannot rightly demand that Iran heed Security Council calls for the release of the hostages and at the same time lift the sanctions against Rhodesia without council approval.

The Security Council imposed the sanctions in 1968 at the request of Britain and with U.S. support. The resolution imposing sanctions does not lay out a procedure for ending them, and officials say that there are no clear legal precedents.

According to an internal memo obtained by the Associated Press, Mr. McHenry has argued that the British should tell the Security Council the sanctions are no longer needed and ask the council to take appropriate action to remove them.

Sources said that the State Department's legal bureau has taken the position that a case can be made either way, although the stronger position is probably that the Security Council should act before the sanctions are lifted.



Iranian Army armored car bearing portraits of Ayatollah Khomeini and Ayatollah Shari'ati stands guard near the radio-television complex in Tabriz, where heavy fighting has occurred.

But Makes No Commitments

NATO Supports U.S. on Iran Pressure

From Agency Dispatches

BRUSSELS, Dec. 12 — U.S. allies in Europe today offered support, but no commitments, to the principle of imposing economic pressures on Iran to force the release of American hostages held in Tehran.

The position of participants in the NATO defense planning committee was reported by NATO officials. It amounts to careful support of the Carter administration, which is moving toward a decision to call for sanctions through the United Nations Security Council.

U.S. sources said they expect the allies to adopt a special resolution demanding freedom for the hostages before the committee adjourns on Friday. It is likely to parallel the Dec. 4 UN condemnation of the seizure of diplomats by militant Moslems in Tehran on Nov. 4.

"It would be one more important expression of international support, and it probably will be unanimous," a U.S. official said. He said that the resolution would be introduced by another government.

The United States found general support at the NATO meeting for a series of military and economic sanctions against Iran, U.S. officials said. They said that participants regarded the crisis as a critical and disturbing event that properly concerns the 15 countries.

Military Spare Parts

NATO officials said that U.S. Secretary of Defense Harold Brown raised the issue in terms of NATO joining the United States in a formal series of trade sanctions against Iran, including a ban on military spare parts.

U.S. officials said the possibility was mentioned that Iran might retaliate with a total or partial embargo.

U.S. Atomic Device Set to Be Destroyed

YUCCA FLAT, Nev., Dec. 12 (UPI) — The Defense Department said today that it would detonate a nuclear device Friday to destroy a similar device that was damaged four years ago.

The detonation will occur 672 feet beneath the Nevada Test Site and will have a yield of less than 20,000 tons, an Energy Department spokesman said. It will destroy a device that was damaged when it fell 40 feet while being put in place in 1975. The blast will not be felt elsewhere, officials said.

go on oil shipments to U.S. allies. The dependence of the industrialized world on Iranian oil varies from Britain, which receives a negligible amount, to Japan, which receives about 20 percent of its oil from Iran.

NATO sources said that Mr. Brown made a strong plea for concrete and specific action, arguing

that the crisis is one that affects world peace and is a threat to all civilized countries and relations.

Mr. Brown avoided defining specific steps that the United States seeks, leaving that for Secretary of State Cyrus Vance, who plans to take up the matter with the NATO foreign ministers tomorrow.

NATO Ministers Approve New Nuclear Missile Force

(Continued from Page 1)

them to include a formal reservation in the final communiqué. That, officials said, would have increased the political complications for Belgium.

U.S. State Department spokesman Hoddington Carter said: "The Belgians can stand up for a lot, but not if the Dutch are allowed to have a footnote of their own."

The communiqué said: "All the nations currently participating in the integrated defense structure will participate in the program: The missiles will be stationed in selected countries." Fourteen of the NATO countries will share the cost of infrastructure for new missiles in the four host countries. France, which does not participate in NATO's military activities, was absent from today's meeting, but French officials in Paris privately have indicated support for the NATO program to offset a growing build-up in Soviet forces targeted against Western Europe.

The decision to station the new missile force in Western Europe was strongly supported by West Germany, where most of the new firepower will be concentrated, and by the United States, which will pay for the new weapons and control them.

The new generation of NATO nuclear arms — 108 Pershing-2 ballistic missiles and 464 ground-launched Cruise missiles — are designed to replace much of NATO's existing arsenal of nuclear-capable fighter-bombers that are vulnerable to new Soviet air defenses. The new weapons — fast, hard to detect and long-range — are intended as a counterweight to the Soviet Union's new SS-20 mobile missile and Backfire bomber. Much of NATO's existing arsenal of nuclear-capable weapons is that can only be used against Warsaw Pact forces.

Although full details were not disclosed, deployment plans in-

clude: West Germany, 108 Pershing-2; 160 Cruise; Britain, 48 Cruise; Italy, 96 Cruise; and France, 48 Cruise. The Netherlands were assigned 48 Cruise missiles.

At the same time they approved the new arms package, NATO ministers also endorsed a document offering to the Soviet Union United States, which would be the new weapons under the so-called single-link system, authorized by the rest of the alliance to handle arms control talks these nuclear weapons would be the subject of the proposed SALT-3 negotiations. The United States has also offered to withdraw 1,000 warheads and retire a total warheads as the new missiles are introduced.

It was part of the integrated action document, the basis of the program, which — pursuant to NATO officials call a parallel approach that joins a new arms treaty bid to the NATO rearmament plan.

Critics of the plan, the Netherlands, Belgium and Denmark called for a delay on missile deployment to allow time to explore President Leonid Brezhnev's offer to start disarmament talks on nuclear weapons. But NATO government representatives said that Moscow has ignored its unilateral decisions to new weapons such as the B-1 bomber or the neutron bomb, so the arms have to be deployed to credibility to the Western position.

The NATO program is seen to satisfy a range of concerns in the Western alliance.

Primarily, NATO officials said the new missiles will dispel growing Western European apprehensions that U.S. determination to defend Europe has eroded by the Soviet Union's strength in intercontinental missiles.

At the same time, European governments' readiness to base their missiles on their soil is meant to assure the United States that its European allies are willing to risk nuclear reprisals for the sake of Western defense.

The new arms package was viewed as a test of NATO's ability to make a prompt, tough political decision to respond to the Soviet build-up.

Belgian cooperation, said NATO to avoid a political clash between some of the major member countries — the United States, West Germany, Britain and Italy — the smaller countries that rely on nuclear role and play a correspondingly limited part in key alliance decisions.

West Germany, which organized the issue of a theater missile force in favor of the Soviet Union 1977, strongly supported the program. Foreign Minister Helmut Schmidt said the package was "the best-prepared deal ever made by the alliance." It resisted an appeal from the Netherlands to delay today's decision.

West German Chancellor Helmut Schmidt, anxious to deflect Soviet criticism, made his country's participation conditional on a similar Western disarmament offer to the Soviet Union and also on acceptance of missiles by at least one other continental European — a condition met first by Italy strengthened today by Belgian acceptance.

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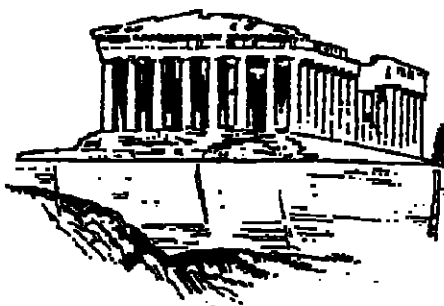
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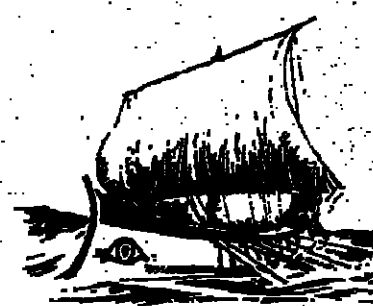
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Entitlements at Issue

Saudis Reconsider Sharing of Oil With Partner Firms

RIYADH, Saudi Arabia, Dec. 12 (UPI) — Saudi Arabia is reconsidering its policy of guaranteeing oil supplies to foreign companies engaged in industrial joint ventures with the state-owned Saudi Arabian Oil Co., known as Aramco, and with Petrochem, the state petroleum agency, officials of those organizations said this week.

The Saudis have used the prospect of such oil entitlements as an incentive to attract foreign corporations with their marketing and technological expertise.

Preliminary agreements exist for building five petrochemical plants in Jubail, on the Gulf, and at Yanbu, on the Red Sea. Final agreements with Sabic on these projects are awaited by Exxon, Mobil, Shell, Dow Chemical and a Celanese-Eastman joint enterprise.

A high official of Sabic said this week that he did not expect final agreements to be completed, however, until the companies get a clearer idea of how much oil they in fact expect. Shell has requested a guaranteed supply of 350,000 barrels of crude a day for its stake in a proposed \$2-billion ethylene complex at Jubail.

A sixth proposed petrochemical

project — a \$270-million methanol plant at Jubail — has already received the green light. Sabic will build and run the plant with the aid of a consortium of five Japanese companies led by Mitsubishi Gas Chemicals. The agreement was signed two weeks ago.

Until now, a basic yardstick of 1,000 barrels of crude a day for every \$1 million of a company's direct capital investment has been applied in granting foreign corporations' requests for oil.

Although the five petrochemical joint ventures with Sabic, as well as two proposed refinery joint ventures with Petrochem, require only a 15-percent capital stake from foreign partners, that stake is expected to total more than \$1.5 billion. This would translate into 1.5 million barrels of petroleum a day. That amount of oil would tie up a significant proportion of Saudi Arabia's output, now a bit more than 9.5 million barrels a day.

The entitlements of the partners in the Arabian American Oil Co., Exxon, Mobil, Texaco and Standard Oil of California — stand at 6.5 million to 7 million barrels a day. Petrochem is currently marketing about 950,000 barrels a day in direct oil sales, mostly to foreign state-owned oil companies. Domestic Saudi consumption, about 500,000 barrels a day, is also handled by Petrochem.

The effect on Western consumers of a major reapportionment of crude oil availability would be minimized if part of the Aramco entitlements were given to the international oil companies negotiating for participation in the industrial joint ventures.

Petrochem Sales

There has been a marked trend in the last two years, however, to divert increasing percentages of incremental production away from Aramco to Petrochem for direct country-to-country sales.

Sabic sources say that the size of a company's direct equity stake will no longer be the sole criterion for determining oil entitlements. Other considerations, such as operating costs, number of personnel and profitability will be taken into account, the sources say.

The final formula for the new entitlements awaits a decision by the Supreme Petroleum Council, Saudi Arabia's highest authority on oil production matters. Crown Prince Fahd, the deputy premier, is chairman of the council.

Soviet Mission To UN Bombed; 3 Are Injured

NEW YORK, Dec. 12 (AP) — A Soviet mission to the United Nations was bombed Tuesday in the Soviet Embassy in Paris, injuring three people, including four police officers and four injured employees.

None of the injured appeared to have been seriously hurt, but Soviet officials refused to allow U.S. doctors to examine the mission. Nor would they allow the police bomb squad to enter the building to search for explosives.

A police spokesman said that its bomb squad had been told two weeks ago that the mission was to be on the alert for a bombing. The mission was also on the alert for a possible Soviet mission in Paris and the Soviet trade mission there.

In Moscow, Tass charged that the United States was following a double standard of international law by failing to protect the Soviet mission in an attack while demanding diplomatic immunity for its embassy in Washington.

U.S. Accuses 2 Refiners of Overcharging Clients

By Richard D. Lyons

WASHINGTON, Dec. 12 (UPI) — The Department of Energy has announced the filing of 13 civil suits against the Gulf Oil Co. and Chevron USA, two major refiners, accusing them of overcharging customers \$550 million from 1973 to 1976.

The suits, announced yesterday, are the first of a series of probes by the department into alleged overcharges of more than \$8 billion the department says the two companies have brought about in the last three years. The suits are to be filed within 30 days to respond to the department's charges, none of which alleges willful wrongdoing.

In addition to the charges, the department announced that it has agreed to accept orders with the two companies totaling \$23.3 million. The orders involve refunds to customers, as well as deductions from overrecovered costs that would eventually have led to price increases.

A major charge against Gulf involves an allegation that the company improperly calculated costs recovered through sales of gasoline, heating oil and diesel fuel, thereby charging prices in excess of the maximum prices allowed by federal regulations. The claimed amount is \$155 million.

The second major complaint against Gulf alleges that the company overestimated increased costs for refinery products in 1975 and 1976 by \$311 million.

The main charges against Chevron, a division of Standard Oil of California, contend that the company sold fuels refined in six Southern states for \$28 million more than allowed for by federal price regulations. The department contends sales of energy products in the



Dianne Feinstein leaves voting booth after casting ballot.

Incumbent Becomes 1st Woman Elected Mayor of San Francisco

SAN FRANCISCO, Dec. 12 (AP) — Dianne Feinstein, who was appointed mayor after the slaying of George Moscone a year ago, turned back a strong conservative challenge to become the first woman elected mayor of San Francisco.

"What this victory means is that the people's voices all over the city are going to be heard," Mrs. Feinstein told a cheering crowd last night after Supervisor Quentin Kopp conceded that he had lost the runoff election. Mrs. Feinstein received 102,233 votes to 87,266 for Mr. Kopp — a margin of 54 percent to 46 percent. She will be inaugurated Jan. 8.

Mr. Kopp forced the runoff when he collected 40 percent of the vote to 42 percent for Mrs. Feinstein in the Nov. 6 general election. Neither gained the majority necessary for victory. Although the election was nonpartisan and both candidates are Democrats, Mr. Kopp mounted one of the strongest conservative challenges in recent years.

As president of the San Francisco Board of Supervisors, Mrs. Feinstein assumed the title of acting mayor and then was appointed to the post by her colleagues after the assassinations of Mr. Moscone and Supervisor Harvey Milk on Nov. 27 of last year.

Connally Renounces Federal Help For Funding Primary Campaigns

WASHINGTON, Dec. 12 (UPI) — Republican presidential contender John Connally, the best-financed of the 1980 candidates, said today that he would not take federal matching funds that are available for his primary campaigns.

The former governor of Texas, who has raised more than \$7 million, said that he was always philosophically opposed to the law allowing candidates to take federal funds to finance their campaigns. But he said that the main reason he made the decision is because it gives him flexibility to spend more than he would otherwise be permitted.

Rhodes May Quit As GOP Leader

WASHINGTON, Dec. 12 (UPI) — Rep. John Rhodes, R-Ariz., said today that he probably would not run for re-election as Republican leader in the House of Representatives.

The top two candidates for the post are expected to be Robert Michel of Illinois, now assistant Republican leader, and Guy Vander Jagt of Michigan, chairman of the Republican Congressional Campaign Committee.

Rep. Rhodes was elected as House Republican leader in 1973, succeeding Gerald Ford, who had become vice president. Rep. Rhodes said that, although he probably would not seek the leadership post again, he would run for re-election to the House, of which he has been a member since 1953.

"I can't imagine anything better than being an elder statesman," he said.

Mr. Connally said he needs to raise and spend as much as he can because the television networks have not made commercial time available to him. He protested that spending limitations have the effect of assisting incumbents and front-runners.

"The failure of the networks to make meaningful time available to me is tantamount to supporting and

F-15s' Combat Readiness Cut by Upkeep Problems

By Richard Halloran

LANGLEY AIR FORCE BASE, Va. (UPI) — Senior sergeants and maintenance specialists here say that only 35 percent of the First Tactical Fighter Wing's new F-15 Eagles, the leading fighter plane in the Air Force today, are fully capable of flying combat missions on any given day.

Further, officers here say that only half of the Tactical Air Command's 450 F-15s, each of which cost nearly \$18 million, are ready to go at any particular time. But they assert that an additional 25 percent could be brought to combat readiness quickly.

That state of readiness has raised questions in Congress as to whether the United States can count on the F-15 for missions requiring a high performance aircraft, primarily against the Soviet Union in Europe. But the F-15 has other uses — President Carter sent eight of the planes to Saudi Arabia early this year to show the flag in the Middle East.

The F-15, which is gradually replacing the F-4 Phantom as the Air Force's primary air superiority fighter, became operational in 1976 in the fighter wing here. Today, F-15 wings and squadrons are in New Mexico and Florida and overseas in West Germany, the Netherlands and Japan. The plane can fly at speeds 2½ that of the speed of sound, at altitudes above 60,000 feet.

1,200-Mile Range

One pilot flies the plane and directs its two missiles, one for targets out of sight, another for those within sight, and fires its Gaillard gun at targets nearby. With an ordinary load of weapons, the plane can fly 1,200 miles (1,920 kilometers) — from Washington to Chicago, for example — without refueling.

Pilots and ground crew alike praise the plane for its performance. But they are clearly unhappy with its problems of maintenance. "Am I nervous flying this plane?" a pilot asked. "Let's put it this way: I'm very glad it has two engines."

The fills of the plane, which was subjected to severe testing before it went into production by the McDonnell Aircraft Co., have included these:

- Engines made by Pratt & Whitney have high rates of stalling and then stalling or choking, which rapidly increases the engine's temperature and forces the pilot to shut it down and restart. Also, engines are wearing out faster than expected.
- Air Force engineers and maintenance crews say that other parts of the plane are also wearing out faster than expected, some because of poor design, others because of poor materials, still others because pilots are flying the planes "harder" than had been expected.
- Not enough spare parts were ordered to fill the increased demand. Logistics officers say that they wanted to wait until the plane "matured" in service before planning an economic rate of flow of spare parts. Strikes affecting two producers have also hurt. It takes three months to obtain some parts.
- The Air Force, like other military services, is short of the skilled and experienced technicians who bear the brunt of the task of keeping airplanes in the air. They are being drawn away by higher pay in civilian industry and by an erosion of benefits in the military service.

Despite the F-15's problems, senior officers of the Air Force defend it vigorously. Their basic contention is that all new airplanes have bugs that can be worked out only after the airplane is operational.

In this case, the Air Force demanded an engine that required a leap in technology, particularly in metals that could withstand temperatures of more than 2,000 degrees Fahrenheit (more than 1,100 Celsius).

Officers here and in Washington assert that the peak of the engine problem passed six months ago. Technical fixes are being incorporated into the engine, and pilots have been instructed in techniques that have cut down on incidents of stalling and choking.

But the problems of durability and spare parts remain as producers cannot tool up fast enough to make the required items. Air Force officers said that it would be 1981 before real improvements would be seen and 1983 before the situation would stabilize.

Meeting on Heroin Set

PARIS, Dec. 12 (UPI) — Law enforcement officials from the United States, Canada and France will discuss heroin trafficking at a three-day meeting in Honolulu beginning tomorrow, French police said yesterday.

Anglican Church In South Africa Risks Ban Order

JOHANNESBURG, Dec. 12 (AP) — The Anglican Church, in the latest of a series of church-state confrontations, has decided to risk being outlawed rather than to obey laws related to apartheid.

Archbishop Bill Burnett said that, although it would be terrifying to be banned, the church must not go along with racial discrimination. Specifically, Anglicans object to laws requiring permits for church gatherings and for interracial contacts.

When Archbishop Burnett asked delegates at an Anglican synod last week whether they would be willing to see the church banned rather than submit to unjust laws, the delegates resoundingly answered yes.

Bishop Desmond Tutu, a black Anglican who is secretary-general of the South African Council of Churches, recently challenged the government by calling for the withdrawal of foreign investments in South Africa. He was warned that this violated the law but refused to withdraw his remarks.

The Anglican, Methodist and Catholic churches have been at the forefront of political dissent here. The Catholic Church challenged the government by opening integrated schools before they were legal, and several churches have assigned black clergy to white parishes in defiance of the government.

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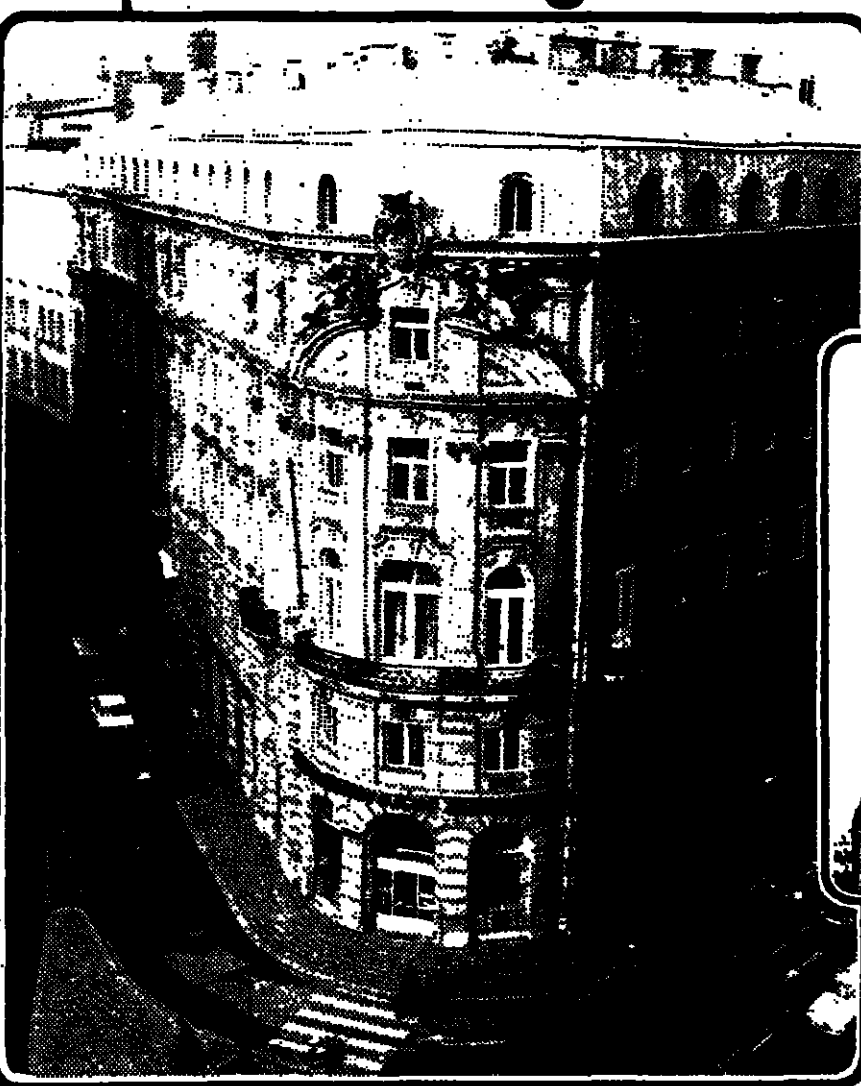
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Immigrants Say GB Arrested Jewish Editor

TEL AVIV, Dec. 12 (UPI) — Refugees from the Soviet Union reported today that a co-editor of the underground "Jews in the S.S.R." Igor Guberman, was arrested Aug. 13 in Moscow by the KGB after he spurned approaches to serve as their informer.

At a press conference, details were given by Nina Pailas, who is Guberman's sister, and her husband, Grigory. They said that Guberman is to be charged with buying stolen icons.

Mr. Guberman, 43, has written medieval Russian art and collected icons and other art objects. He has said today that the KGB had tried to enlist him as an informer, but he had refused. He had warned him that he could be executed for it unless he agreed to the character profile of his association with the Jewish national movement.

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'Green' Pound, Lira Devalued

EEC to Raise Farm Income in U.K., Italy

BRUSSELS, Dec. 12 (AP) — Agriculture ministers of the European Economic Community agreed today on action to increase farmers' incomes by 5 percent and food prices by 1 percent in Britain and Italy.

Yesterday the ministers approved a six-year, \$1.2-billion plan to cut back excess wine production, mostly in Italy and France, and to improve the quality of the grapes that are grown.

With the vote affecting incomes and prices, the nine ministers tentatively devalued by 5 percent the "green pound" and "green lira" — artificial currencies that are used to calculate pay to food producers.

The effect will be to give British and Italian farmers a raise of about 5 percent, while increasing consum-

er prices in Britain and Italy by about 1 percent.

The devaluation is to take effect on Monday. The prices of some products, such as cereals in Britain and sugar in Italy, will not be raised until later, France at first refused to go along, but agreed subject to approval by the French cabinet.

The wine compromise followed 17 months of disagreement on how to share the costs. The wine-growing countries had asked the EEC to pay a large share of the costs, but the northern countries pressed for minimum outlay.

A compromise was reached on a figure of \$1.2 billion to be paid by the EEC, with the rest of the funding to come from member states in-

dividually under a formula based on the size of their wine-growing industries.

France reportedly tried to talk Britain and the EEC Commission into a truce in the so-called "lamb war," but British Agriculture Minister Peter Walker said that Britain would not be silenced. Agriculture Commissioner Finn Olav Gundlach indicated that he would continue his efforts to have France end curbs on imported British mutton.

U.S. Envoy Says Palestine Talks Are Progressing

CAIRO, Dec. 12 (NYT) — Sol Linowitz, the new leader of the U.S. team in the Palestinian autonomy talks, today brought together the chief Israeli and Egyptian negotiators and claimed that progress had been made.

Mr. Linowitz, who was in Cairo last weekend, flew back from Israel today with the senior Israeli negotiator, Interior Minister Youssef Burg, for a hastily scheduled meeting with Egyptian Premier Mustafa Khalil.

Mr. Khalil credited Mr. Linowitz with bringing "fresh ideas" to the first meeting of the three men since Mr. Linowitz replaced Robert Strauss as President Carter's special Middle Eastern envoy this month.

However, the three men said they had agreed not to reveal the details of their meeting in Mr. Khalil's office.

Italy to Receive Venezuela Oil

ROME, Dec. 12 (AP-DJ) — Venezuela will supply Italy with five million tons of crude oil in 1980, or double its shipments of both crude and refined oil products this year, the Budget Ministry announced here today.

The increase was announced previously but the amount had not been decided. The agreement is part of an economic cooperation accord that the two countries signed Dec. 1 during the visit to Rome of the Venezuelan development minister, Manuel Quijada.

Following the recent suspension of the direct government-to-government oil contract between Saudi Arabia and Italy because of bad publicity over an alleged payoff scandal, the Rome government estimated it would fall 28 million tons short of its requirement of 103 million tons in 1980. The Venezuelan pact will help cover that gap.



In Turin, a student wounded in the terrorist attack yesterday on the university waits to be treated.

Cossiga Summons Interior, Justice Ministers

Police in Rome Battle Student Leftists

ROME, Dec. 12 (UPI) — Police firing tear gas fought leftist students around Rome University today in a second day of violence that prompted Premier Francesco Cossiga to summon his interior and justice ministers to a special meeting.

The week's trouble began yesterday in Turin, where guerrillas of the leftist Front Line terrorist group took over the Turin University Business School, herded 200 persons into a main hall at gunpoint, selected five teachers and five students and shot them all in the legs.

Today, Rome University students tried to hold a demonstration, that had been banned, commemorating the 10th anniversary of Italy's worst bombing since World War II, when 16 persons were killed in an explosion at a Milan bank Dec. 12, 1969. Two rightists were later sentenced to life imprisonment for the bombing.

Police were out early in full riot

14 Untouchables Die, 8 Hurt in India Raid

NEW DELHI, Dec. 12 (AP) — Police said that unidentified men killed 14 Hindu Untouchables and wounded eight in a raid on Jadonpur village, in Uttar Pradesh, 200 miles southeast of New Delhi, the United News of India reported.

The raiders set six houses on fire and shot the occupants as they ran out, the report said. The fire also destroyed livestock and grain. The Untouchables are the lowest Hindu caste.

gear around the university and initial scuffling started when students hurled a Molotov cocktail and other items at police from the windows of the Enrico Fermi Technical Institute. Police responded with tear gas canisters and charged other groups that had set fire to several of city buses.

Detectives seized a suitcase containing 10 firebombs and students were reported carrying Molotov cocktails in other sectors of the city.

Papal Condemnation
In his weekly general audience in the Vatican, Pope John Paul II condemned the continuing terrorism.

Angered by yesterday's violence in Turin and today's in Rome, Premier Cossiga summoned his ministers to a special meeting today to discuss the violence and reported to President Sandro Pertini.

In Bologna, four police and two demonstrators were injured in riots, a car was burned, and police fired volleys of tear gas. Eight students were arrested.

In Naples, a bomb blasted out the windows of the local press club, but there were no reported injuries.

In the occupation of the business school, the Front Line in a communiqué said the business school was the spearhead of an establishment move to keep the proletariat down, and expressed sympathy with the Red Brigades, Italy's chief urban guerrilla organization.

The terrorists marched the people to the main hall, made them crouch on their knees with heads pressed to the ground in the position of

Muslim prayer, inspected their identity papers and interrogated them.

As the hostages crouched, a gunman waved his weapon and said, "This is a Russian-made AK-47. Anyone moves, and there will be a massacre."

School librarian Barbara Bosco, 22, said one gunman told the hostages during the 45-minute raid, "We are here because you have decided to become bosses. Be careful, because the time has come to decide if you are with us or with the others."

Puerto Rico Blast Hits Oil Complex

SAN JUAN, Puerto Rico, Dec. 12 (AP) — Explosions rocked a Japanese-owned oil refining complex early today, destroying a petrochemical plant and badly damaging two others. Police said 10 persons were injured in the blasts and ensuing fire that caused an estimated \$40 million in damage.

The cause of the explosion was not immediately known, but there were no indications that sabotage was involved.

Police said that a blast shook the Caribe Isoprene, a Commonwealth Oil Refining Co., satellite plant that manufactures synthetic rubber, and rapidly spread to the nearby Hector and CPI-2 facilities, which produce synthetic fibers. The oil refining plant itself was not damaged.

Moslems One-Sixth of Population

Tito Backs Moves to Halt Spread of Islamic Revival

By Michael Dobbs

BELGRADE, Dec. 12 (WP) — President Tito of Yugoslavia has given his personal backing to a campaign to prevent the spread of pan-Islamic revolutionary ideas among Europe's most important Moslem community.

The campaign has focused attention on the sensitive position of Yugoslavia's estimated 3.5 million Moslems — descendants of Islamic converts during five centuries of Turkish rule. Moslems make up nearly one-sixth of Yugoslavia's population.

Traditionally, Yugoslav Communist officials have tended to treat the Moslem community with kid gloves, at least in comparison with the two other major religious institutions here — the Roman Catholic and Serbian Orthodox churches.

Like the Christians, the Moslems were sharply put in their place after the last war when many of them cooperated with forces opposed to Marshal Tito's partisans. But since then they have been relatively pampered, receiving state subsidies for education and for the upkeep of mosques.

This now seems to have changed, as the authorities have awakened to the implications of the worldwide Islamic revival. Several Moslem leaders, including the mufti of Belgrade, have been given severe warnings for allegedly seeking to disrupt the atmosphere of "brotherhood and unity" of Yugoslavia's multinational population.

Khmeini Influence
One prominent Communist theorist, Fud Muhic, accused the unnamed Yugoslav Moslem leaders of being influenced by the ideas of Iran's Ayatollah Ruhollah Khmeini. In an interview with the weekly magazine Start, he added that — whatever its relevance for Iran — such revolutionary Islamic socialism had no place in Yugoslavia.

These warnings were underlined by President Tito during a recent visit to the central republic of Bosnia, where most Yugoslav Moslems live. Clearly referring to the Moslems, he praised republican leaders for having taken tough action against "the subversive activities of certain clerical circles."

Party and government leaders have complained this year that management was hurting an already damaged by a long winter and poor crops.

"Working people and the party have been speaking increasingly critically lately," said the report, which disclosed orders for a 15-cent reduction in the number of administrative employees.

According to the official agency, the Central Committee said that, because of the country's troubles, investments need to be reduced by more than 20 percent and funds for new buildings cut by 20 percent.

Prague Reports Low Supplies of Consumer Items

PRAGUE, Dec. 12 (AP) — Communist Party leaders said yesterday that Czechoslovakia had suffered major economic setbacks and there was growing public uneasiness over shortages and other problems.

In a report issued on the second day of a Central Committee meeting, party officials complained that trade and production management had not been able to keep up with shortages of toothpaste, matches and salt. "Shortages cannot be tolerated," the report said. "There must be immediate redress."

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N. Korea Returns Body
PANMUJOM, Korea, Dec. 12 (AP) — North Korea returned today the body of a U.S. soldier who was killed when he stepped on a mine in the Demilitarized Zone between North and South Korea.

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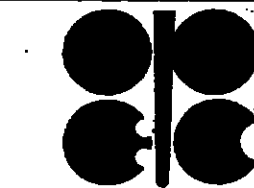
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Despite Drilling, Prices, Profits

U.S. Gas, Oil Production Expected to Decline in '80s

By J. P. Smith

WASHINGTON, Dec. 12 (WP) — Despite sharply increased drilling activity, record high prices, and profitable oil industry profits, oil production in the United States is expected to decline throughout the 1980s and, at best, to level off by 1990.

It's simple, we're just going to have to run to stand still," said Sen. Gary Jackson, D-Wash., chairman of the Senate Energy Committee. Jackson's oft-repeated forecast is that U.S. oil production will decline by a number of million barrels a day by the end of the decade.

The U.S. Geological Survey, the nation's official geological agency, says that U.S. oil production will decline by 1.7 billion barrels a day by the end of the decade.

Similar view is offered by Gulf Co. chairman Jerry McAfee. "We'll do well just to stay in domestic oil output during the next decade," he says.

The United States produces about 10.2 million barrels of oil a day, nearly 3 billion barrels a day in addition to 18.7 billion barrels of oil reserves.

U.S. oil reserves are estimated at about 30 billion barrels, with proven reserves at 200 trillion cubic feet.

The United States imports nearly 4 million barrels of oil a day for its total oil needs, and about 20 percent of the natural gas burned in U.S. homes, factories and businesses.

The steady decline in oil and gas production results from the simple fact that the nation's oil companies have been using oil faster than new reserves have been discovered. Last year, for example, despite the 48,500 new oil wells drilled — a near-record level — and gas reserves fell by 1.7 billion barrels, and gas reserves fell by 1.7 billion cubic feet.

Little Exploration Seen

U.S. oil companies lay part of the difficulty to the lack of drilling activity. "Almost 90 percent of the increased drilling activity has been development drilling," says the industry. "Essentially adding new production facilities to known oil fields. The agency says 'exploration drilling activity has increased because of one-third as fast as development drilling.'

U.S. oil companies, in other words, are not risking the largest share of drilling on so-called unproved frontier areas, and instead gone after areas known to contain oil.

The most attractive frontier drill areas, according to oilmen at the Atlantic Richfield Corp. and other continental shelf, Alaska, some still unexplored onshore, away from major producing areas such as Texas or Oklahoma, are due to government policy against, or yet unresolved environmental and land issues, large portions of the continental shelf and

Alaska have not been made available to the industry for drilling.

The disparity in drilling, however, remains.

Weeks after Texas Railroad Commission member Mack Wallace said that Texas, the nation's leading oil producing state was "kind of picked over," former Alaska Governor Walter Hickel complained about the limited drilling activity that has taken place in his state.

"Only seven oil rigs are at work in Alaska," Mr. Hickel says, "compared to 366 in Louisiana and 807 in Texas."

Ironically, Alaska's massive 9.6 billion barrel oil field at Prudhoe Bay discovered in the late 1960s, arrested an earlier downturn in the nation's domestic oil production.

Mr. Hickel and another former Alaska governor, William Egan, insist that the state's 1.6 million barrel a day oil production could be increased to 4.5 million barrels if the oil companies were free to increase production.

The GAO and some other analysts hold out a more optimistic view of natural gas prospects, saying gas production will not decline as quickly as oil output.

Gasoline Stocks Called Low

LOS ANGELES, Dec. 12 (AP) — The nation's primary stocks of gasoline are less than one day's supply above the level at which spot shortages could develop, the Lundberg Letter reported Sunday.

And, gasoline allocations to dealers are more than 19 percent below gasoline use in December, 1977, the Los Angeles-based oil industry newsletter said.

The publication bases its figures on analysis of oil company announcements and surveys of thousands of dealers. "Prospects in general are sobering," the letter said, because the Organization of Petroleum Exporting Countries at a meeting Dec. 17 in Caracas, is expected to increase the price ceiling on its members' crude oil exports above the current \$23.50 per barrel.

National gasoline consumption at the end of 1979 is expected to be 5 percent below the level of 1978, including a 7.4-percent cutback in the last half of the year, said Mark Emoud, the Lundberg Letter's editor-in-chief.

Museums in U.S. Delay Return To Iran of Borrowed Art Works

TEHRAN, Dec. 12 (NYT) — Valuable paintings and sculptures lent by a Tehran museum to three American museums, and which were to have been returned a year ago, have not yet been sent back despite repeated written requests, according to the director of the Tehran Museum of Contemporary Art.

The U.S. museums — the National Gallery of Art in Washington, the Guggenheim Museum in New York and the Herbert F. Johnson Museum in Ithaca, N.Y. — have cited shipping problems when explaining the delays to Iranian officials. But the head of the Tehran museum says that European museums and some private American galleries have not had such problems in returning borrowed works.

The loans to the American museums were made in 1977 and 1978, before the fall of Shah Mohammed Reza Pahlavi.

President Carter's freezing of Iranian assets in the United States was cited yesterday by the directors of the National Gallery and the Guggenheim Museum as a major reason for the delay in returning the borrowed art works.

Masoud Shafie Monfared, director of the Tehran museum, although upset at the delay and the lack of cooperation by the American museums, said that he is more concerned about what he perceives to be a lack of understanding by Westerners of Islamic culture.

He said that, while the emphasis in Iran on Western art that was prevalent under the shah has lessened considerably, the Tehran museum has no intention of selling or concealing valuable Western paintings inherited from the old regime.

500 Acres Burn On Calif. Coast

LAGUNA BEACH, Calif., Dec. 12 (UPI) — A fire fanned by erratic winds burned more than 500 acres of dry brush in the canyons near this Southern California community before firefighters began to contain it early today.

One house was destroyed and two others were damaged by the fire, which began last night, and hundreds of residents abandoned their homes for a short time.

At dawn, a spokesman said that the fire was 85 percent contained, but that full control depended on the wind, which was picking up. The fire, which had blackened about 550 acres, was tentatively blamed on electrical causes.

U.S. Nuclear Unit Halted

TWO RIVERS, Wis., Dec. 12 (AP) — One of the two units of the Point Beach nuclear power plant has been shut again because of leaks in the steam generator tube, Wisconsin Electric Power Co. said today. The unit had resumed operations Dec. 1 after being shut almost two months.

and Turk Rejects K. Self-Rule Offer

AND TURK, Turks and Caicos Islands, Dec. 12 (UPI) — Minister Jags McCartney of Turks and Caicos Islands has not accepted a British offer of independence with a gift of £10 million (about \$22 million).

He said in a recent interview that offer of £10 million, the same amount that Britain gave other Caribbean colonies upon independence, was "totally and very highly acceptable." He added, "It is a fact that, after 358 years of British rule, that minimal sum is all I can offer."

Best Berliner Jailed 10 Years in East

BERLIN, Dec. 12 (AP) — An East German court sentenced a Berliner to 10 years in prison today for helping escapees from the West, the East German agency reported.

The court in Frankfurt an Oder found Dietmar Strube guilty of hostile activities against German Democratic Republic organizations based in the West to smuggle East Germans out of the country, an activity the East Germans regard as a crime.

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WOOD BURNER — An experimental wood-powered car nears the end of its cross-country test run near Riverside, Calif. The device at the rear turns solid wood fuel into a gaseous substance that fuels the car. The journey, which began in Florida, cost about one cent a mile.

Qadhafi Called Mad by PLO Newspaper

BEIRUT, Dec. 12 (AP) — The Palestine Liberation Organization yesterday called Libyan leader Col. Moamer Qadhafi mad and joined claims that he was behind the mysterious disappearance of Shiite Lebanese religious leader Imam Musa Sadr in Libya last year.

In an editorial in the organization's daily newspaper, the PLO also protested the deportation of its representative in Tripoli Sunday.

The PLO news agency Wafa, also distributed the same editorial and said the paper "exposed the conspiracy of the mad Qadhafi against the revolution of the Palestinian people."

"It is very sad that the man deported from Libya was the ambassador of Palestine (Sulaiman al-Shurafa) instead of the ambassador of the United States," the editorial said.

Mr. Shurafa's deportation climaxed a three-day siege at the PLO office in Tripoli by alleged Libyan secret policemen.

"We hope that you leave the Palestinian revolution to manage its own affairs. But this is not what you have done so far and still you expect us to say thanks," the editorial said.

The paper also revealed that Col. Qadhafi had received a 14-point security report from PLO chairman Yasser Arafat "confirming that Sadr disappeared in Libya and never left for Rome" as the Libyan authorities have claimed.

"Yes, you have become mad... And you personally bear the responsibility of Sadr's disappearance," the newspaper told the Libyan leader.

Col. Qadhafi has long been accused by the religious leadership of the Lebanese Shiite community of masterminding Imam Sadr's disappearance along with two companions during a visit to Libya in August, 1978.

Press reports from Rabat last week said Imam Sadr and his companions were shot dead by a firing squad in Libya. But Imam Sadr's sister, Rahab, was recently quoted in Beirut as saying she has information her brother was still alive and being held in Libya. She did not elaborate.

Chinese Oil Port Opens

BEIJING, Dec. 12 (Reuters) — An oil port with six tanker docks and a pipeline link from the Shengli fields has gone into operation on the north bank of the Yangtze River at Nanjing, the Chinese news agency said this week.

Pilots Urge 3d Crewman In New Planes, May Strike

FRANKFURT, Dec. 12 (Reuters) — Airline pilots from Western Europe and the United States threatened strike action yesterday to support their demands for an extra crew member in the next generation of Airbus and Boeing planes.

More than 600 pilots and flight engineers from 18 European airlines and the United States said in a resolution that they would take further action if the planes were not adapted to take three crew members instead of two.

The pilots said that the European Airbus A-310 and Boeing-757, which are to be introduced by 1983, need three men in the cockpit for safety reasons. Yesterday's unanimous resolution accused airline managements of settling for a lower safety level than possible for economic and political reasons.

"Nobody can force us to fly the aircraft if we do not want to fly them," Capt. Fritz Brouwer, chairman of the organizing committee of the European pilots' association, Europilote, said at a protest meeting.

The Europilote council already has considered some possible further steps, namely a three-hour warning strike and a 24-hour warning strike, Capt. Brouwer said. Europilote represents 10,500 pilots and flight engineers.

Plans for the Airbus A-310 and

the Boeing-757 call for a cockpit with all instruments at the front to be controlled by two pilots helped by computers. Aircraft of similar size generally have a panel of instruments on the right wall of the cockpit operated by a third man, usually a flight engineer.

The pilots' resolution said that the new planes should have a three-man cockpit with a sideward-facing crew station for the third crew member.

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The system installed for the Ministry of Finance at present comprises more than 130 PTS 6805 terminal computers which form the connection with the communication network. Linked to these are some 260 workstations, each consisting of a visual display unit, keyboard and printer. The communication network itself is built up from six mini-computers, five acting as line concentrators and one as the network processor. Communication control is executed by a network control package called N20 DS: using packet switching techniques. Planned expansion in the early 1980's will increase the number of workstations to 750.

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Little Help From U.S. Friends

It is axiomatic in a crisis that one expects close friends to gather round and render the best help they can under the circumstances, and in the Iran crisis the United States has not been altogether badly served. Notwithstanding their greater reliance on Iranian oil, the European allies have offered useful political and diplomatic support, if a bit tardily and quietly in some instances. They have asserted, with others, the common international interest in upholding the law of diplomatic immunity. They have accepted that the Atlantic Alliance, though focused on the Soviet Union, necessarily has a global aspect that makes U.S. honor and credibility in Iran at least in some degree a matter of their own concern.

But of course things are more complicated. The allies are not eager to take the more painful economic steps that the United States has already begun recommending, especially if it turns out that only allies bear a special burden. Some of these steps, like leaning on courts to freeze Iranian assets, look questionable on the merits. But others would seem to most Americans well within bounds, as long as the United States sets the example, demanding no more of others than it is asking of itself.

Then there is Japan, the one close U.S. friend whose conduct in the crisis the Carter administration has publicly pronounced wanting. From the entourage of Secretary of State Cyrus Vance, during his consultations

with the allies this week, came the sharp complaint that Japan had rushed "with unseemly haste" to buy the Iranian oil the United States is boycotting, and that its banks had "gone overboard" to help Tehran cope with the U.S.-imposed freeze.

No authenticating detail was immediately offered. But Mr. Vance is a cautious man, slow to take offense, and if even he is offended, that will be enough for a lot of Americans. Japan has long benefited in the United States from the idea that it's a special case: in its political fragility, its ethnic delicacy, its resource vulnerability, and so forth. By its Iran policy, Japan puts some part of its implicit claim to special standing at risk.

The allies, including Japan, do not like to contemplate the disruptions to their own economies that a prolonged screw-tightening operation, let alone a violent denouement, would bring. They lean to the view that diplomacy, including the avenues they keep open, can be of as much value as their participation in tightening the screws. In this they offer an implicit bargain to the United States, providing their full support as long as something less is sought. This puts the United States in the position of taking as much as it can get in the name of solidarity, and asking for no more in the name of discretion. It is, in brief, not easy to get a little help from the friends of the United States.

THE WASHINGTON POST.

Gold and Oil

Have you noticed that the price of gold and the price of oil seem to go up together? The price of gold reached a record yesterday. The price of oil will do the same by the end of the month. There are two reasons for this ominous correspondence between the two.

A lot of oil money is finding its way to people in the Middle East who want to put it into something a bit more solid, and perhaps less visible, than a local bank account. Beyond that, not only in the Middle East but around the world, there is what you might call the fear factor. It is fear of inflation, which the oil price increases aggravate. It is fear of instability in the world monetary system, strained by the enormous surpluses that the OPEC countries are again accumulating.

It's all very well to deplore the continual increases in oil prices. But every time the price goes up, the sellers discover that they can still sell as much as ever. Under those circumstances, it's hard to explain to them why they shouldn't just keep going. The buyers wring their hands and complain of dangers to the world economy, but they keep buying. Nowhere has there been more hand-wringing than in the United States. Evidently, it's going to take something a little stronger. In fact, the price is going to keep climbing until the sellers begin having trouble getting rid of the stuff.

Americans have already cut down significantly on their oil consumption. But the steady rise in prices, and the increasing outflow of U.S. wealth to pay for it, means that Americans are going to have to cut down more. What's the best way to do it?

The remedy needs to be one that will take effect rapidly, in the weeks and months ahead. The long-term strategies — solar power, shale oil and the rest — are worth pursuing for the 1990s. But the immediate need is a strategy for getting through 1980, the 12 months directly ahead.

Only one device will work fast enough, and effectively enough, to offer real promise. That's a higher price for gasoline at the pump. Sen. Adlai Stevenson, D-Ill., introduced legislation on Tuesday for a tax of 50 cents a gallon. That's exactly the right move. The bill wasn't taken very seriously at the Capitol, where people immediately pointed out that Sen. Stevenson isn't running for reelection. But Rep. John B. Anderson, R-Ill., who is running for president, has put a 50-cent gasoline tax before the House. He would use the revenues to cut the Social Security tax, which also makes good sense. It's a courageous position for a candidate. If you want to know what could be done right now to diminish OPEC's power, and to protect U.S. prosperity, you might consider those two gasoline tax bills.

THE WASHINGTON POST.

Emphasis on Hunger

A moment when a Third World country is subjecting the United States to an unprecedented humiliation is not the best time for an official commission to suggest that the United States care more for the Third World. Awkward timing, however, is one of the risks Jimmy Carter accepted when he decided last year to accept his son Chip's recommendation to make a major public splash on the world hunger issue, rather than simply sift the bureaucracy for its best ideas. Chip Carter had come to hunger through some enthusiasts in the "human potential" movement. So it was that Mr. Carter set up a special panel whose members ranged from entertainers to experts. Charged not just with making recommendations but also with winning public support for them, the President's Commission on World Hunger checked in on Monday.

As you would expect from this sort of single-issue group, it puts its cause at the center of the universe, and it offers a full range of good reasons — moral, security, economic — for the United States to embrace the elimination of hunger as the "primary focus" of its relations with the developing world. This is all to the good. Few would deny the need to search harder for ways to relieve the misery of the millions, and by that the commission does not mean simply more U.S. aid. Its emphasis on getting developing countries to grow more of their own food, in a context of eradicating poverty, is sound. This panel can surely help focus the attention of Congress and the public on hunger.

Yet a nagging question arises: What do developing countries desire as the primary focus of their relations with the United States? A depressing number of them, a depressing proportion of the time, have something else in mind. They want arms. They want prestige industrial projects. They want support for domestic arrangements favoring an elite and condoning mass poverty. They want political confrontations with "imperialism." And they want perhaps most the feeling of controlling their own destinies. In this spirit, many of them are likely to find this report an evasion of their demands for the changes in trade, money, commodities and energy that constitute the "new international economic order."

There is an irony here, for this report is startlingly sympathetic to much Third World thought. It approvingly cites the "determined measures" taken by the Soviet Union, China and Cuba, among others, in their "most successful national campaigns against poverty and hunger." It uncritically relays the indictment by Julius Nyerere, whose own policies have had a harsh impact on Tanzania's food supply, that one group of people has access to the world's resources and one group does not. It attributes population growth to "inequitable social and economic conditions" and, unforgivably, says not one word about family planning. Since the report issued on Monday is "preliminary," surely that fault, and a few others, will be corrected before the final report comes out.

THE WASHINGTON POST.

In the International Edition

Seventy-Five Years Ago

December 13, 1904

PEKING — The Peking Gazette this morning published the special report of Viceroy Yuan concerning secret anti-foreign societies. In Henan Province, all the leaders have been arrested. The edict removes the local civil and military mandarins at Xin-Siang for negligence, and orders the governor of Henan to reform the administration of the province. This afternoon an imperial decree was issued abolishing the governorship of two provinces, Hunan and Hupei. The viceroy of Hupei and Henan has been instructed to assume both of these posts. These important measures of economy are in harmony with the recent edicts requiring the abolition of useless offices and a reduction of expenses.

Fifty Years Ago

December 13, 1929

RIGA — The Ukrainian Union of the Godless is very actively prosecuting its campaign against Christmas. Its slogan is "All at Work on Christmas Day." The latest anti-religious move in Kharkov is the publication of a new paper called the "Bellicose Godless," with a circulation of 100,000. The workmen in a number of towns have declared themselves willing to sacrifice their Christmas Day earnings and give them to the fund for the industrialization of the Soviet Union. The peasants, it is also announced, are as keen as the working people in their anti-religious activities, and have proved their good-will by closing down churches and removing church bells for industrial use.



Moscow and Cambodia: Is There No Pity?

By James Reston

WASHINGTON — The relations between the United States and the Soviet Union are getting worse by the day, not only over the control of strategic weapons and the emplacement of new U.S. missiles in Western Europe but also over the desperate human tragedy in Cambodia.

The latest U.S. intelligence report to President Carter on the Soviet Union's role in Southeast Asia indicates that Moscow is not merely refusing to relieve the suffering of the Cambodian people but is actually blocking the distribution of food and medicine from other countries. This intelligence report notes that large amounts of desperately needed supplies are reaching Cambodia but they are being diverted from the people who need them most and into the hands of pro-Soviet Vietnamese and the Heng Samrin military.

Taxes and Tariffs

The report adds that taxes and tariffs are being collected on foreign relief supplies, and charges that in some regions the Vietnamese and Heng Samrin authorities have actually prevented the harvesting of grain.

Carter is reported to be outraged by this intelligence and as a result authorized the unusual step of denouncing these activities in a formal White House statement, which, incidentally, was largely ignored by most U.S. newspapers.

To counter this mounting tragedy, the White House statement said, "we call upon responsible leaders in both Hanoi and Moscow to recognize and act upon the compelling humanitarian requirements of the Cambodian people, which they thus far have not done. We call on them to cooperate fully with the international community in opening all routes for supplies to enter Cambodia, which they thus far have not done. We call on them to take the steps necessary to speed the distribution of humanitarian aid to starving people throughout all parts of that country, which they thus far have not done. We call on them not to feed the flames of war, but use aircraft and airfields to ferry food to feed the people of Kampuchea."

Soviet Intentions

The intelligence reports to Carter do not claim that the Soviet Union is intervening with its own troops in the Vietnam invasion of Cambodia. But they make some important points about Moscow's intentions in that part of the world, including the following:

• The key Soviet role is in the supply and air delivery of food, fuel and ammunition to those forces which are fighting against the Pol Pot guerrilla troops.

• The pace of Soviet shipping to Vietnam since the Chinese invasion in March has been intense. Between then and the end of November, over 200 Soviet general-cargo ships, 120 known arms carriers and about 70 tankers have been in Vietnamese ports.

• The United States has little or no evidence about the types of equipment currently being used in the Kampuchean campaign, but at the outset of the operation it was clear that most of the weaponry being used was captured U.S. material — aircraft, trucks and guns, drawn from depots in the south of Vietnam.

• We cannot determine, say the intelligence reports, what portion of the Soviet-supplied weapons which have entered Vietnam since March are earmarked for Cambodia and what has gone to shore up the Vietnamese border defenses against China. We suspect that most have been moved north or placed into reserve against the possibility of another Chinese attack.

• In contrast to Ethiopia and Algeria, where Soviet advisers planned campaigns and engaged in combat, the report continues, we have no direct evidence that the Soviet Union is maintaining military advisers with Vietnamese forces fighting in Cambodia. The Russians are more likely to be with the troops as observers than as advisers. A group of 200 Russians is stationed in Ho Chi Minh City, and half of this unit is flown daily aboard a Vietnamese civil transport to Phnom Penh, Siem Reap and Battambang, with the other half returning to Vietnam.

• There have been verified reports, according to this report to the president, that chemical warfare is being used against both Pol Pot forces and Kampuchean civilians. Some of these reports indicate the use of riot-control gas, but others are similar to reports of the use of chemical agents against the Hmong tribe in Laos.

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Wider Movements

Naturally the intelligence services of the U.S. government are more interested in the wider movements of Soviet power in this region of the Pacific. It is noted here that the Russians have taken a number of highly visible military actions in the area. These serve several purposes: conveying a signal to the Chinese; providing general support of Vietnam and its actions; and furthering broad Soviet aims in Asia. For example, the U.S. intelligence reports note the following:

• The movement of a Kiev-class aircraft carrier (the Minsk) and several new guided-missile cruisers to the Pacific as a visible display of increasing Soviet naval power.

• Newly-gained access to ports and airfields in Vietnam, which improve Soviet ability to conduct distant naval operations, including long-range reconnaissance of Chinese, American, Australian and New Zealand forces and activities.

• Modernization of the Soviet navy in the Pacific, now regarded in Washington as essentially on a par with the U.S. Northern Fleet in that area, and extended areas of operation by ships, submarines and aircraft — all of which are being watched in Washington as part of the growth of Moscow's global reach and competition with the United States in the Pacific.

But despite these strategic and tactical moves by the Russians, which concern the Pentagon, it is the inhumanity of Moscow's response to the tragedy of the Cambodian people that has troubled Carter more than anything else.

He takes the maneuvers of power and position for granted — even Moscow's cunning manipulation of the crisis in Iran. But Cambodia, while part of the struggle between Moscow and Peking, is such an unnecessary human tragedy that Carter simply cannot understand what Moscow is doing. He is reported to have said the other night: "Is there no pity?"

©1979, The New York Times

Contemplating Show Trials

By George W. Ball

WASHINGTON — As some French correspondents have been insisting, the capture of the U.S. Embassy in Tehran has seemed too well planned and executed to be the work solely of young amateurs. Though no one can prove it, there is some basis to believe that the whole operation is being orchestrated by well-trained Marxists whose objective is not to secure the return of the shah so much as to damage the U.S. position throughout the Third World, and particularly the Middle East. The evidence is worth considering.

The "students" have shifted the emphasis from returning the shah to trying the embassy personnel as spies. The idea of a trial was not originated by the ayatollah; he merely endorsed a plan the students had already announced.

In their treatment of the captives, the "students" seem to be using the technique used by "brainwashing" experts in preparing the Russians' infamous show trials in the 1930s, which Stalin devised to eliminate his opposition.

First Steps

The students have already taken the same first steps used by the Russians to prepare their show trials: isolating the victims for over a month and keeping them separated, forbidden to talk to one another, blindfolded, bound and insulated from any news of the outside world. Recently it was announced that the captives are being subjected to interrogation by "professional interrogators," which parallels precisely the Soviet method.

In the case of the Soviet trials, Stalin ostensibly turned the matter over to a prosecutor and left for a holiday. The ayatollah remains in Qom, leaving the trials to the "students." Whether he could control

the "students" even if he tried is by no means clear.

One of the returned hostages reports that he was compelled at gunpoint, under the threat of death, to sign a statement demanding that the shah be returned. If the show trial procedures continue to be followed, one would expect the accusations to be read to the victims at the beginning of the trial and — as a result of their brainwashing — they would, on inquiry, reject the right to counsel and plead guilty. During the trial they might be compelled to authenticate forged documents allegedly providing their guilt and sign confessions that the whole embassy was a "nest of espionage."

Were all this to occur — and it remains only a speculation — not only would the prospects for the hostages be grim, but the future for U.S. interests in the Middle East would be dark indeed.

A Smoothness

A victim of the infamous "Slansky show trial" in Czechoslovakia recently wrote that, although the "very smoothness of the judicial machinery ought to have alerted every thinking person to its phoniness," the people listening to his voice on the radio accepted the trial as genuine. Consider the far greater effect today if the brainwashed victims were to be televised as they spoke their dictated lines.

Throughout the Western world the trials would be recognized for what they were and largely discounted — except by those intellectuals who enjoy thinking ill of the United States. Even in the United States, there might be a fringe of the silly and glib who automatically welcome any disparagement of their country, self-flagellation, after all, is not confined to the Shiites.

But it is in the Third World, and particularly in Islamic countries,

that such show trials could have a profound effect. For this, the United States should in part blame itself. While emanculating the CIA, many Americans allowed so much of the CIA's work to be disclosed in the disclosures of its wickedness — its ham-handed efforts in Chile and its abortive attempts to assassinate Castro — that they have created the impression, not only that the agency is guilty of every misdeed but also that it is 20 feet tall, with almost magical capabilities for evil.

Bogus Disclosures

Thus the United States could expect its enemies, particularly in the Middle East, to use the bogus disclosures as such a trial to blame the CIA for every act of violence that may occur in an area where violence is endemic. By stimulating anti-Americanism, the new show trials might compel major oil-producing states, including Saudi Arabia, to reduce their production under pressure from their more radical neighbors.

Obviously, the creation of a new wave of anti-American hatred throughout the Middle East could greatly facilitate Soviet penetration, since Moscow might then appear as the lesser of two evils. Or, alternatively, the Russians might intend the trials to goad the United States into military action, since a U.S. attack on Iran would inevitably send shock waves throughout the whole Gulf area. By turning the Middle East against the United States, the Russians might hope to extend their penetration not merely into a badly shaken Iran but into various spots in the Arab world.

Hypothesis

The hypothesis I suggest would, if true, change some of our assumptions regarding the use of military force. The prevailing view has been that, if the United States were to use force, the hostages would be promptly shot. But the recent emphasis on the trials leads to another possibility — that, in case of a U.S. attack, the "students" would still keep the hostages alive until they had extorted their "confessions," since it is the confessions, and not the shah, that would best serve communist objectives.

George W. Ball, former U.S. undersecretary of state, wrote this article for The Washington Post.

Letters

Apartheid and Sports

Permit me to differ from Lord Kilian's opinions (HT, Nov. 28): "While these strict apartheid laws exist, it is impossible for the South African athletes to fulfill the obligations which are imposed by the International Olympic Committee."

Whatever these apartheid laws may or may not be, surely the relevant question is whether they apply to sports. And it so happens that in the domain of sports no laws exist in South Africa against racial integration both with regard to the use of facilities, as mixed spectator-crowds, mixed clubs, mixed teams and mixed competitions. Literally hundreds of such competitions have taken place over recent years, the most recent spectacular example being a world boxing championship match between a white South African and a black American before a mixed crowd of 80,000 people in the South African capital.

Very many impartial observers have been able to verify on many occasions and in all parts of the country that South Africa does have truly mixed sport.

It is difficult to see which other "obligations" South African athletes, black or white, have to fulfill in order to satisfy the International Olympic Committee.

M. Le Roux,
Attache For Cultural
Press Affairs,
South African Embassy,
Paris.

It may be assumed that Lord Kilian would have written quite another article, if, like so many other countries, his own country, Ireland, were occupied by military forces of the Soviet Union.

PAUL de HEVESY,
London.

Of General Interest

The Senate Banking Committee's proposal for aid to Chrysler includes a wage freeze on Chrysler workers (HT, Nov. 30).

Could this mean the Banking Committee considers that the taxpayers hold a bigger stick than the unions, even though they're not organized?

General interest vs. special interests — this is a movement that might go farther.

W.R. MILLER,
Vevey, Switzerland.

Namibia: Piece of A Puzzle

By Jonathan Power

LONDON — There are five pieces in the southern African political jigsaw puzzle. Three more or less in place and two to come.

The first piece was Mozambique. The defeat of the Portuguese in the battle of the waters in 1974 gave power out elections to the Marquis. The second piece was the Contending black factions, with outside interests, turning 1975 into an ideological field. South Africa, the States all became involved. They pushed their man, Agostinho, into the saddle.

The third piece, Rhodesia, Britain's long list of gross misdeeds and a war that has taken thousands of lives, stands as a coming off better than Marxist neighbors. Even at the stage, one can still hope for a relatively free economy, a welfare state and all the other of Western liberalism. This is Namibia's piece of the puzzle.

It was, for a long time, a mental tenet of U.S. policy, a lesser extent British policy, once a Namibian agreement made Rhodesia would fall place.

This was in fact a South African trap into which the West was drawn. Unlike Rhodesia, South Africans were a direct to the negotiations. They could not see the pace of the diplo. They were masters at giving the impression that a deal was in the making.

South Africa all along has used a two-track policy — one side, working seriously Western diplomats to bring agreement; on the other, bolstering militarily, economic and politically, groups within Rhodesia and Namibia that were able to South Africa was prepared, if necessary, to alone without international recognition.

What the South Africans anticipated was Margaret Thatcher's about-face at the nonwhite heads-of-government meeting in Lusaka in August. Thatcher brought Rhodesia, with the Commonwealth, to deal with South Africa. South Africa, wily-nilly, was forced to deal with Rhodesia and stick track No. 1. Track No. 2 was a duck.

Lord Carrington, having led brilliantly in consummating Lusaka agreement at the negotiations, is now poised to choose to settle Namibia, the obvious choice to lead the negotiating team of the U.S., Canada, France, Britain, West Germany, the so-called "contact group," to a final round of negotiations with South Africa the South-West People's Organisation.

There is already nine-tenths agreement, negotiated over two years by a Western team led by Donald McHenry, the ambassador to the United Nations. In a last burst of energy before he unexpectedly pulled Andrew Young's job, McHenry, a South African diplomat, persuaded the President to agree to a demilitarized zone both sides of the Angolan border. This would give South Africa assurance it needs that the SWAPO guerrillas into Namibia can be controlled. Since then, the agreement has been agreed to UN force to patrol inside a zone to ensure that the demilitarized zone is not infringed. McHenry also strongly suggests that if South Africa will accept the demilitarized zone, it will agree to withdraw its troops for the right, at the time of a fire, to place 2,500 of its troops in bases inside Namibia.

The major missing ingredient South Africa's decision to agree and sign the negotiated ahead.

This is a job for Lord Carrington. His credibility with both sides high. If he can achieve the whole complexion of southern Africa will be changed. Two black majority multiracial democracies will have an enormous impact on the political situation South Africa.

A Namibian solution is possible, too, the removal of troops from Angola once the South African threat moved from its doorstep, the Namibian government will feel more of its own abilities to be unaided.

With one more piece in place southern African puzzle will taken a big step toward completion.

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Obituaries

Carlo Schmid, 83; Helped Draft Bonn's Constitution

BOON, Dec. 12 (AP) — Carlo Schmid, 83, a lawyer, writer and politician who was one of the fathers of West Germany's postwar constitution, died yesterday at a hospital in Bad Honnef, the city which he lived.

Mr. Schmid, who had been a law-
yer and judge in Weimar Germany,
was prominent in 1945 as
one of the provisional government
of the French zone of postwar occu-
pation. After the four years of Al-
lied occupation, he was instrumen-
tal in drafting the 1949 constitution
of West Germany.

Mr. Schmid was then elected vice
president of the Bundestag, the low-
er house of the West German par-
liament. He kept the position until
1953, except for a three-year break
in a ministerial post from 1956 to
1959. As a member of the Social
Democratic Party, he helped to
shape the party's class-struggle
philosophy to a broad-based popu-
lar approach.

Mr. Schmid was born Dec. 3,
1896, in Perpignan, France, of a
German father and a French
mother. He renounced his French
citizenship and moved to Germany
during World War I. He was edu-
cated as a lawyer at the University
of Tuebingen and at the Kaiser Wil-
helm Institute of Foreign Policy
in Berlin.

During the Nazi era, Mr. Schmid



Carlo Schmid

served since 1947 as a member of
the party's executive committee. He
attended the party convention last
week in West Berlin.

Shock Causes Tidal Waves

Major Quake in Colombia Leaves at Least 118 Dead

BOGOTA, Dec. 12 (AP) — A ma-
jor earthquake early today caused
tidal waves and damaged several
villages along Colombia's southwest
Pacific coast, killing at least 118
persons, provincial authorities said.

The earthquake, centered in the
ocean off the Columbia-Ecuador
border area, was felt 400 miles away
in Quito, the Ecuadorian capital.

Officials said that they feared
that the death toll would go much
higher as rescue teams reached iso-
lated villages. Thirty fishermen in
canoes were reported missing and
believed dead, and more than 700
persons were injured in the earth-
quake and tidal waves.

Among the hardest hit was the
fishing village of Chirico where at
least 62 persons were killed and
more than 350 injured, police said.

U.S. Oil Firms Sued by France

PARIS, Dec. 12 (UPI) — France
sued two U.S. oil companies for
\$15 million in damages for an oil
spill last year off the Brittany
coast, French Transportation Min-
ister Jean Le Theule said yesterday.

The suit against Amoco Interna-
tional Oil Co. and Standard Oil of
Indiana is over the March, 1978,
sinking of the tanker Amoco
Aztec. The ship, on its way from the
U.S. to Rotterdam, grounded dur-
ing a storm near the island of
Normandy. The ship's hull then rup-
tured, spilling 220,000 tons of crude
oil into the water.

The resulting black tide killed a
number of fish in the area and
caused the closure of many Brit-
tany beaches for almost a year. Mr. Le
Theule said that the suit against the
U.S. companies has been filed in
the U.S. District Court in Chic-
ago. He said that the court decided
last month that the companies could not
deny their responsibility to \$30 mil-
lion in damages.

Iran Rights Office Blast

TEHRAN, Dec. 12 (UPI) — A
pot cocktail was thrown at the
office of Amnesty International
yesterday, damaging furniture in the
entrance hall but causing no in-
jury.

Cambodia Aid Organizers Fear \$40-Million Deficit, Blame Logistics

By Iain Guest

GENEVA, Dec. 12 (IHT) — Uni-
cef and Red Cross officials here are
concerned that their joint aid pro-
gram to Cambodia faces such a se-
rious cash-flow crisis that it could
be almost \$40 million in the red by
the end of the year.

Some are even predicting that the
delivery of aid will have to be scaled
down, particularly as less than 10
percent of the food aid appears to
have been distributed to the village
areas.

They insist, however, that the
bottlenecks are caused by logistics
rather than by a deliberate policy of
famine on the part of the Heng
Samrin regime and Vietnamese, as
some Western officials charge.
These allegations are seen here as
likely to rebound badly if the Viet-
namese start to stockpile food in
the fear that it might be cut off, and
Western donors, worried by the re-
ports, start to hold back on their as-
sistance.

Working with the World Food
Program, the two agencies drew up
a joint budget of \$111 million for a
six-month program beginning Oct.
1 on the basis of pledges made at
the one-day conference in New
York.

But, said a senior Red Cross offi-
cial, many of the pledges were un-
specified, appeared to include aid in
kind, such as the use of planes, and
were earmarked for national organi-
zations, like churches, as well as
the international agencies.

"Many governments have also
come to the end of their financial
year, and found their budget for
emergencies exhausted," he said,
explaining that the United States
had delivered only \$7 million of the
\$69 million it pledged and the Euro-
pean Economic Community only
\$11.6 million of its \$55.5-million
pledge.

Of the U.S. contribution, \$2.5
million has gone to the Red Cross,

\$2.5 million to Unicef and \$2 mil-
lion to the World Food Program.

Still smarting from criticism that
they were slow in getting off the
mark, the agencies are also
hampered by offers of the wrong
kind of aid. France offered 9,000
tons of wheat flour until it was
pointed out that the staple diet of
Cambodians was rice, and that
flour rotted easily in damp
storehouses.

Poison Gas Used On Laos Village, U.S. Panel Told

WASHINGTON, Dec. 12 (AP) —
A Lao mountain tribesman told
congressmen today that he wit-
nessed chemical warfare attacks
that exploded in yellow, white and
red smoke and left villagers shak-
ing, bleeding and dying.

"In this attack eight persons died
from breathing too much gas," the
refugee, Toun Yi Vang told the
House Foreign Affairs subcommit-
tee on Asian affairs. "They had
heavy bleeding from the nose, they
could not stop their bodies from
shaking and died in several hours."

Mr. Toun, a Hmong refugee who
now lives in the United States, said
"We heard of many gas attacks in
other villages which killed many
hundreds of persons."

Another witness, Rep. Jim Leach,
R-Iowa, said that intelligence infor-
mation, which he refused to de-
scribe in detail, leaves no doubt that
Vietnamese forces are conducting
the attacks with chemical weapons
obtained from the Soviet Union.

An Army investigator testified
that "the reported effects of these
agents suggest the use of a nerve
agent, a riot control agent and an
unidentified combination or com-
pound."

At present, if expenses are set
against guaranteed income, the
joint program is in the red by \$4.5
million. On the basis of planned ex-
penditure, the deficit will rise to
\$38.6 million by the end of the year,
and senior officials, looking for
places to make cuts, are debating
whether to slow down the rate of
food supplies to the port of Kom-
pong Som, where 20,000 tons of
food has piled up.

Both Unicef and the Red Cross
dispute Western charges that the
jam has been deliberately caused.
They also dispute that the Viet-
namese are trying to force refugees
across the Thai border and with-
hold cooperation in the joint aid

program. A Unicef spokesman dis-
missed as hearsay reports of rice
paddy fields being mined. "Quite
frankly, it doesn't make sense," he
said.

The main logistical bottlenecks
are the railroad from the port of
Kompong Som to Phnom Penh,
which can only carry 200 tons a
trip, and the lack of trucks. Mean-
while, say officials, aid is also going
astray in Phnom Penh, where three
planes are delivering 95 tons a day.
The confusion has been made worse
by infighting between ministries for
control of the aid.

Officials concede that Vietnam's
attitude will become clear in Janu-
ary, when the agencies expect to
have more than 400 trucks in the
country and to have delivered
30,000 tons of food in December. In
addition, they have been informed
by the Russians in Phnom Penh
that 360 Soviet trucks arrived last
Friday, and there are hopes that
these will be put to use in clearing
food.

In the meantime, they say, distri-
bution is also hampered because it
is being done by the Cambodians
themselves, with minimal supervi-
sion by agency representatives. This
was one of the conditions imposed
by the Heng Samrin authorities
when the aid program was negotiat-
ed in the spring.

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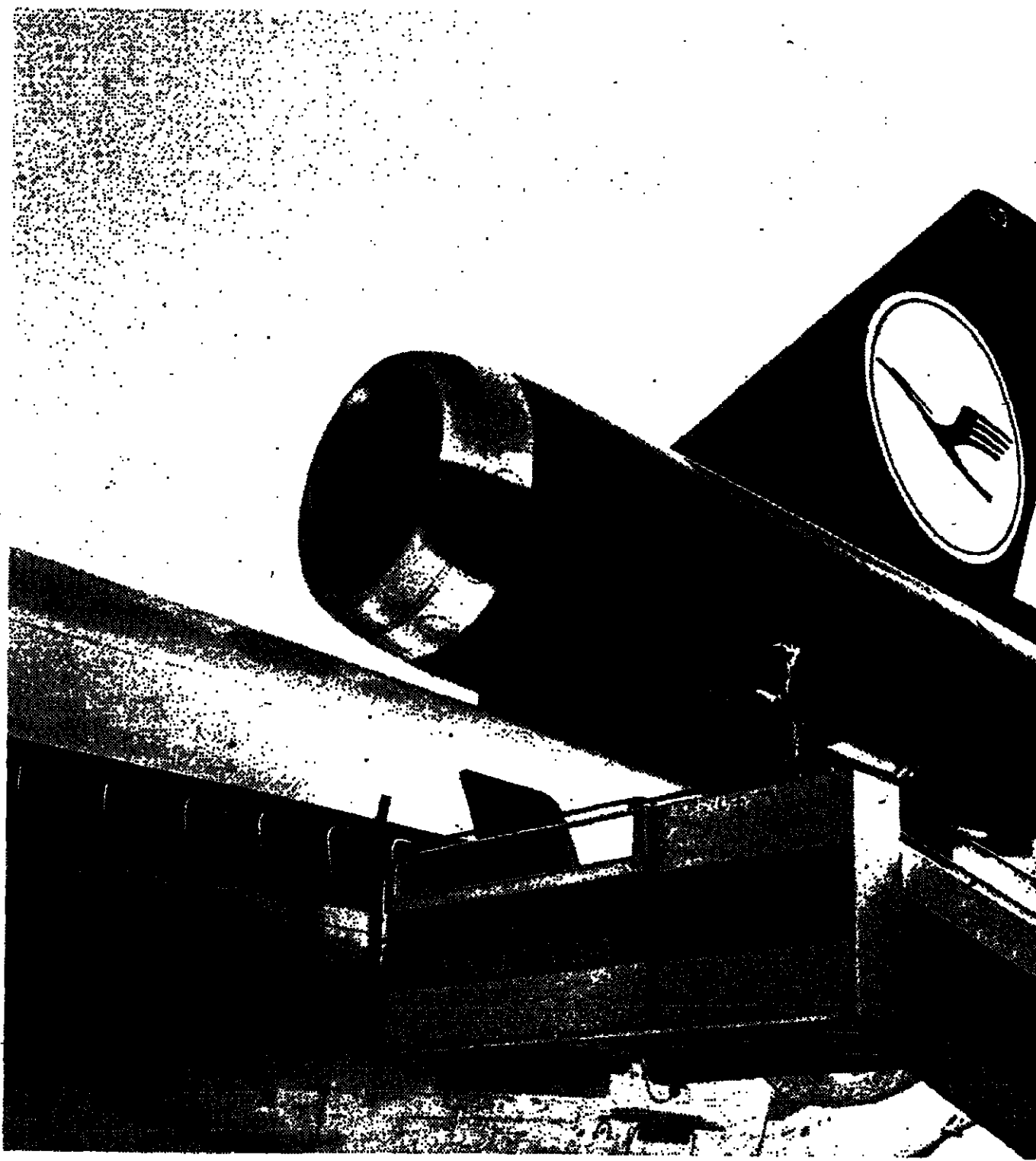
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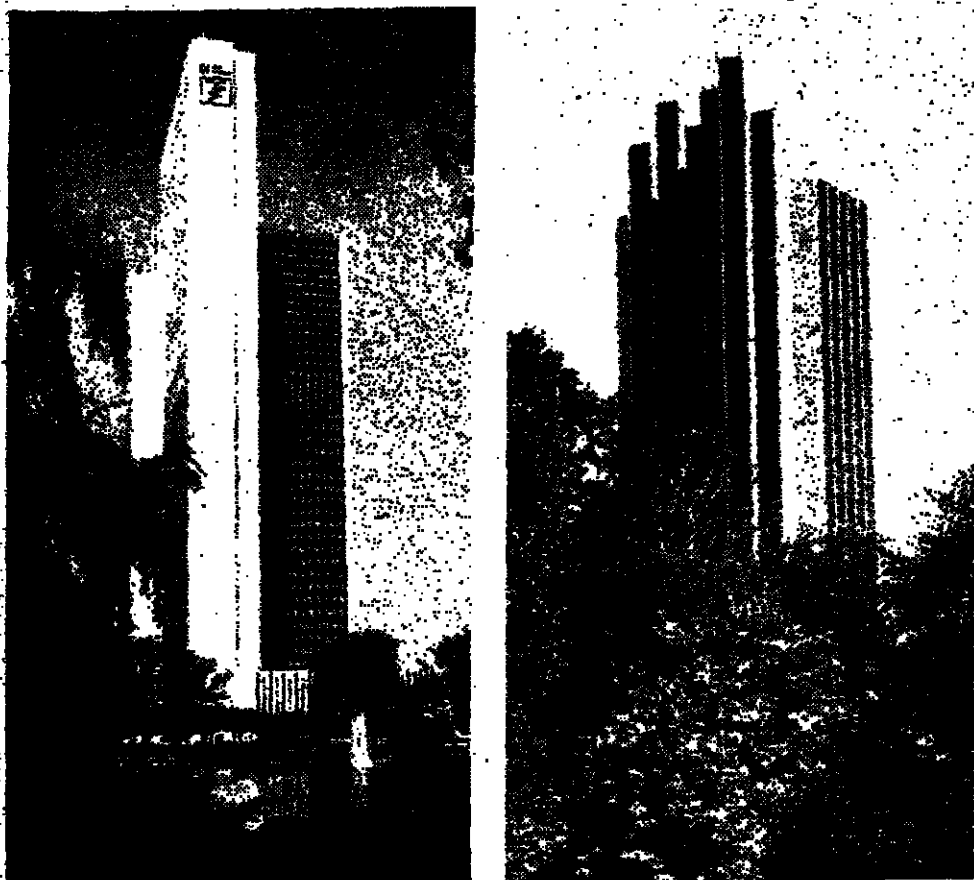
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Jordan

Kingdom Shifts to Arab Cause, Away From U.S. Diplomacy

New Prosperity Is Creating Frenzy of Business Activity

By Harry Carr

AMMAN (IHT) — They are hacking at the rocks on the hills of Amman to make room for more houses. Cars move in an endless stream through the narrow streets of the Hashemite capital, at night ablaze with neon lights. Elegant boutiques with imports from Paris and Rome have opened their doors. There are restaurants catering to varying tastes. The desolate desert around the city is being moved back relentlessly, giving way to new construction projects.

The heart of Amman is a beehive of activity. There are no more deserted crowds, so often in recent years bemoaning the fate of their country. They have been replaced by shoppers spending petromoney earned in the Gulf and those getting an increased share of Jordan's newly found prosperity.

By international standards Jordan is still a developing and perhaps even poor country, although during the past year its per capita gross domestic product has grown from \$593 to \$604. But no one goes hungry, whatever poverty exists does not stare one in the eye. Above all, the country is hard at work to make things better.

Voice of Prayer

The frenzy of business and construction activity is not limited to Amman, where cranes rise toward the sky and the noise of pneumatic drills drowns out the voice of the sabbath calling for prayer. New industries are spreading around the city, near the Syrian border and in smaller localities. The Red Sea port of Aqaba is being turned into a resort, with shacks of the old giving way to neatly designed housing units.

The 1976-1980 economic plan appears to be on target in its aim to turn the country's reliance on the services sector and put more accent on mining, agriculture and manufacturing. The plan is a major step toward the dream of Jordanian farmers — economic self-sufficiency.

That goal is still distant. Jordan continues to suffer from a chronic balance of payment deficit and has to rely on hefty subsidies from the United States and more fortunate Arab countries, amounting roughly to one-third of its budget.

Further economic constraints are represented by an acute shortage of labor, inflation, poor agricultural performance largely due to weather conditions and a limited domestic market. Efforts are being made to increase exports to neighboring Arab countries.

There has been a steady increase in domestic revenues, expected to reach \$912 million this year or 90 percent of current expenditure.

On the whole, the economy has registered a satisfactory growth during the past year, in keeping with the target of 12 percent annual in-

crease. Last year, the gross national product stood at \$2.5 billion. The main contributions to the GNP were services (65 percent), industry (24 percent) and agriculture (11 percent).

Mining — which in Jordan means phosphates and potash — has received an additional boost by the expansion of the existing sites and construction of new ones. The main project under construction is the \$500-million potash plant near the Dead Sea.

Agricultural production has been affected by five difficult years marked by insufficient rainfalls in most of the country. The bright spot was the development of the Jordan river valley, where the lush greenery of plantations contrasts sharply with the arid hills rising above it.

Overall Picture

The areas adjacent to the Jordan river valley will soon be affected by the construction of a new dam and connected irrigation projects.

Continuing political uncertainty, the occupation by Israel of the reasonably fertile West Bank and Jordan's role as a "front-line" Arab state undoubtedly weigh on the overall economic picture. However, the current five-year plan showed considerable political and economic pragmatism by concentrating exclusively on the areas under Jordanian control.

A factor with considerable economic consequences is the continuing drain of skilled manpower, attracted by higher wages and better prospects in the oil-producing Gulf area. At this writing some 400,000 Jordanian citizens are working in the Gulf. During last year, remittances sent back to Jordan by these workers amounted to about \$700 million.

But their absence — including a number of enterprising Palestinians — caused some setbacks, particularly to the country's expanding industry. Consequently, Jordan has found itself in the position of a labor importer, mainly from Egypt and Pakistan. There are even some South Koreans working in the Jordan valley.

Also affecting the labor market to a serious extent is the fact that half of the country's population is under 16. Considerable studies have been made toward the employment of women, increasing their role in the economy about 12 percent.

The inflationary pressure eased somewhat, for some 15 percent in 1977 to about 10 last year. Economists feel that the influx of Arab Aid funds pledged by the Baghdad summit meeting last year — \$1.2 billion — might reverse the trend. The inflationary tendency is likely to be boosted by the rise in oil prices, the general increase of foreign imports, salary hikes for government employees and the continuing poor agricultural performance.



The capital city of Amman nestles within seven hills.

Hussein: Advocate of 'Durable Peace'

One of the major figures behind the recent Arab summit in Tunis was His Majesty King Hussein of Jordan, who is seen by many to be the voice of those seeking a "just and durable" peace in the Middle East. In an interview with Erol G. Ramposad of the International Herald Tribune, His Majesty assesses the prospects for this peace and the role that Jordan hopes to play in bringing it about.

Ramposad: In recent months, Jordan has become critical of American peace-making moves in the Middle East. What is the reason for this attitude?

Hussein: The reason has been explained by me several times and by the government of Jordan obviously. We are extremely interested, and have always been, in the establishment of a just and durable peace in the area. However, let me say that the course adopted by the United States and others has not brought us closer to peace. It may have reduced the possibilities for the United States to exert and influence events in a positive way, to bring Israel to the point where it would be ready to make concessions that are required for terms of peace.

For example, we are saddened by the fact that the United States, Israel, and Egypt, a country whose position is well known in our Arab world, have chosen to try to shape and determine the future of the Arab problem together, without the presence of the United Nations and the other Arab parties concerned, particularly the Palestinian people themselves, and without regard for all that has happened over the years. We don't believe that a settlement can be reached without recognizing the legitimate rights of the Palestinians to their national homeland and without their participation and the participation of others important in the conflict. We see this in itself as a very strange precedent, a sad one.

I also believe that the United States has weakened itself because to accomplish results as have been achieved, the United States has already given Israel so much in terms of commitments, militarily, materially and otherwise, while Israel is still in occupation of part of Egyptian territory. And more than that, of the West Bank of Jordan, of Gaza, where the real problem lies, and of territories belonging to Arab states, while Israel now — and for a period of time — has been saying pretty categorically that it believes that these territories belong to Israel. We do not believe this leads to any kind of peace as we see it, a just peace, a durable peace that could stabilize this entire area. That's why we have been not against the peace initiative but against an approach that will not lead us to the kind of peace that we have sought for many, many years, and that we shall continue to seek.

Q. Is there an alternative to the course pursued by the United States, as illustrated by the Egyptian-Israeli peace treaty?

A. There is a course, I suppose, in that the course could very well be linked to principles that could be accepted by all concerned. Peace can never occur unless Israel clearly moves out of all the countries occupied in June of 1967, the Arab part of the city of Jerusalem because of Arab sovereignty. In the context of peace, Jerusalem can become the symbol of peace, when the rights of the Palestinians, on Palestinian soil, are fully recognized in the terms of self-determination under the conditions of total freedom. I think this could be worked out, could be approached, only under the umbrella of the United Nations. And through the participation of all parties this is possibly the real basis for a peace development.

Q. The famous United Nations Resolution 242 calling for Israel's withdrawal from occupied Arab territory is now 12 years old. Does His Majesty see any practical way of enforcing it?

A. Well, the principles it contains, the greater majority of measures, are not the only basis for the solution. And there is also now recognition of the fact that it came in the aftermath of the war that occurred in 1967. One must think in terms of the Palestinian problem and the rights of the Palestinian people, but certainly the principles there — added to which dealing with the Palestinian problem in an adequate manner is the only way out, and somehow it must be enforced.

Q. Palestinians constitute 60 percent of the Hashemite kingdom's population. Does His Majesty feel that what is known as the Palestinian cause would best be served by a federation of the West Bank with Jordan — if and when Israel evacuates it — or the establishment of a separate Palestinian entity?

A. That's entirely up to the Palestinians to decide under conditions of total freedom, and even before the Arab summit conference, we had made it very clear if we had succeeded — that is, Jordan — in recovering all the territories lost in June 1967 to Israel, and those under their occupation up to this time, that we would not have placed the territory under our control but placed it under international auspices for people to determine their future through an expression of self-determination under conditions of freedom. And we believe that whatever the Palestinian chooses is something that he can live with. We believe the ties between us are very strong, and I believe their choice will be the right choice, one we can all accept.

Q. How does His Majesty describe Jordan's current relations with the Palestine Liberation Organization and other guerrilla groups?

A. The PLO, I believe, is recognized the world over now, or certainly in the majority of this world, as the legitimate, sole representative of the people of Palestine. We certainly recognize them as such since the Arab summit conference. Our relations are close, and we exchange views on many matters. Obviously we do our very best to keep these relations, taking into account mistakes committed in the past from all sides, and we try to avoid them in every conceivable way. I believe that all of us have learned a lot during the years that have passed and during the bitter experiences we lived through. I am convinced that our objective is a positive one, and hopefully it will develop.

Q. Jordan used to be the center of Palestinian guerrilla activity until the events of 1970 and 1971. Would His Majesty ever envisage a massive return of the Fedayeen to Jordanian territory and its use as a base of operations against Israel?

A. All I can say in this context is that I cannot visualize — and what people in Jordan cannot visualize either — as a return to conditions that came to exist in this country in the period leading up to the tragedy of 1970. It was not a question of law and order as opposed to chaos and anarchy and obstruction in this part of the country. We were facing a very serious threat in terms of the kind of practices, the kind of existence that brought about the tragedy itself, the situation that we lived through. All the contradictions found, their way into our midst and nearly tore us apart. This is what we believe the PLO themselves are interested in avoiding in the future. As to the summit with Israel, well, until there is a just, endurable peace, it's a struggle

that continues, and we hope that our case, our cause, which is a strong one, will come before the attention of the world and that eventually Israel will realize that it is in their interest as well, to make some positive moves for the establishment of a just, enduring peace.

Q. There has been some talk of creating a strong Eastern front against Israel consisting of Syria, Jordan and Iraq. What is Jordan's attitude towards this plan?

A. There is no such plan to my knowledge. There is obviously a course of cooperation amongst us. We feel that as members of the Arab nation, certainly following recent developments in this area, and that due to its important strategic location there is a real threat to the very existence of our Arab nation, our very identity, to our future. And therefore there is great cooperation amongst all of us. This began at the Baghdad Summit and it has continued for a year leading to the Summit in Tunisia and will continue hopefully in every field and in every area in the times to come. As a result, there is a great cooperation amongst all of us in the Arab family, and this is a development that we have sought all along. As to specific military encounter, it just does not exist at this time. But whatever we do in the future amongst us will be to enhance our capabilities to face a possible threat from Israel, which is stronger than ever right now facing us with Egypt out of the battle.

Q. Does His Majesty feel that the balance of power in the Middle East will ever switch in the Arab's favor?

A. Eventually, yes.

Q. What is the main stumbling block in the path of Arab unity?

A. Approach. I believe, more than anything else, maybe in the past it was an emotional approach — that Arab unity can be formed and reached around an individual. I believe that this is not the right way. We have learned from our mistakes of the past and therefore we are approaching our problems in a different manner, and we are trying to build what would last for the benefit of all peoples and for a greater Arab unity indeed.

Q. Does His Majesty see any role for the Soviet Union in the present situation in the Middle East?

A. The Soviet Union, as is the case with the United States and the rest of the world, has a role to play in helping all concerned towards the settlement of the Middle East problem.

Q. What are Jordan's main internal problems?

A. Facing the threat that we have faced for all the years past, continuing to build in the face of this threat and to reach the targets. The aims of our people are to create stronger and healthier children, and with the possibility of concentrating more on educating our people, our greatest asset, to face the challenges of the future. What we suffer from obviously is what most countries suffer from at this time. The problems we face are the same as those confronting many others who don't have oil to produce and who have to import it. Moreover, many of the goods that we need are produced by the industrial world. And we must move ahead and fight inflation, to curb it as much as possible and to make progress. This is part of the world phenomena and the problem and we are affected by it as well. The obvious heavy commitments to defense are required by reason of Jordan's location and the dangers we face. Q. In the West there are frequent references to what is called "an Islamic revival." Does His Majesty believe that Islam is

King, Nation Convinced There Is No Alternative

By Andrew Borowiec

AMMAN (IHT) — There were cheers in Arab capitals and gloom in Washington when the Hashemite Kingdom of Jordan rejected the Egyptian-Israeli peace treaty.

To the Arabs, the act meant Jordan was no longer an outcast. It had demonstrated its commitment to the Arab cause rather than to American diplomacy in the Middle East.

To Washington it meant that the country, dominated by the strong personality of King Hussein, could no longer be considered a "tame client," unconditionally committed to the West. However, there are no indications that Jordan's support for the Arab cause will affect its traditional relations with the United States and other Western countries.

By joining the "rejectionist" Arabs, Jordan made a crucial choice involving some risks. The risks were brushed aside in the name of that intoxicating concept known as "al Arab" — Arabism. The king and the country of 2.5 million appeared convinced that there was no alternative.

Mistake Seen

The signing of the Baghdad declaration stigmatizing Egypt's peace moves did not mean that King Hussein is against peace. It meant simply that since the 1967 war with Israel, during which Jordan lost the fertile West Bank, King Hussein has basically stopped counting on the possibility of a reasonable accommodation with the Jewish state.

King Hussein personally feels strongly that the United States has made a major mistake by steering Israel and Egypt toward a separate peace treaty.

The American view is that, in the final analysis, the United States is the only power capable of guaranteeing Jordan's security. Many Jordanians would argue with such an assessment, pointing out that Washington was not capable of preventing the occupation of the West Bank by Israel and has not made any progress toward its return to Jordan.

To any Arab, the only possible solution is the evacuation by Israel of occupied Arab territory, including east Jerusalem and the return of Palestinians to homes abandoned more than 30 years ago.

As there are no indications on the part of Israel to honor such Arab demands, Jordan has opted for a state best characterized as that of "neither peace nor war," although another military confrontation with Israel is considered a possibility here. And Jordan knows that should another war come, because of its small size and small defense force, it stands to lose more than the other, larger, more distant and better armed Arab countries.

Brave Resistance

Jordan has the longest frontier with Israel — almost 400 miles — and the smallest army of any "front-line" Arab state. The conflict of 1967, during which Jordan's army put up a brave but disorganized resistance, was an adequate illustration.

Uncertainty weighs heavily over the small country carved out of the sands of the Middle East by the British as "Transjordan" in 1921. While making considerable progress toward stability and economic well-being, Jordan knows that all its plans and dreams can be shattered by several well-aimed air strikes.

However, in pursuing its new policy of commitment to the Arab cause, Jordan has to bear in mind several important factors. Foremost among them is its economic dependence on subsidies from the United States, Saudi Arabia and Kuwait, amounting to one-third of its budget. Its size and general vulnerability represent additional constraints on King Hussein's foreign policy.

Consequently, and with considerable wisdom, Jordan has frequently played a passive role on the turbulent Middle East stage. The country's large Palestinian population — 60 percent of the total — further complicates Jordan's decisions.

Since the 1978 Baghdad summit meeting, which branded Egyptian President Anwar Sadat a "traitor," Jordan's foreign policy has concentrated on two fronts: an effort to find an equitable accommodation with the Palestine Liberation Organization, the source of much of

Jordan's turmoil before 1971, and a diplomatic offensive to persuade Western Europe that the PLO is the only valid representative of the Palestinian people.

King Hussein has had at least two meetings with PLO chairman Yasser Arafat, not so long ago a determined and bitter foe. The PLO, still smarting from the crippling 1970 and 1971 defeats at the hands of Jordan's army, is careful but open to any form of dialogue. "We are in the same camp, we have the same aim," PLO officials say.

That statement can only be put to the test if and when Israel agrees to evacuate the West Bank. Although committed to Palestinian "self-determination," Jordan has not solved the delicate problem of how it envisages a "liberated" West Bank to function: as a separate entity, as part of the kingdom or as a federated state.

Both King Hussein and Mr. Arafat consider themselves the rightful rulers of the West Bank. Neither appears willing to relinquish this claim, although King Hussein is convinced that should Israel one day agree to evacuate the area, it would hand it over to him rather than to the PLO.

Thus, inevitably, much of Jordan's attitude at this juncture has to be characterized by the proverbial "wait-and-see." To a serious extent, it precludes a far-reaching foreign policy. Jordan, of course, is perfectly aware of its limitations and frequently prefers to stay in the background.

The fact that over the past 30 years, and particularly since 1967, Jordan has been unable to fulfill the national aspirations of a large number of its citizens (the Palestinians) is a major problem with no solution in sight.

Bitter Partner

The American peacemaking moves in the Middle East have turned Jordan into a difficult and bitter partner for Washington policy-makers. Disappointment with the United States permeates most statements by the king. Crown Prince Hassan and other Jordanian officials. Here, too, there is little Jordan can do. It has limited itself to preaching the need for some form of new strategy and the necessary "closing of the ranks" which so frequently in the past has eluded the Arabs.

A result of the cooling off in Jordan's relations with Washington was an effort to diversify its economic and technical contacts. So far it has been a tentative effort, characterized by the exploration of cooperation with east European Communist countries. Some observers feel such moves were mainly intended as a warning to the West and particularly to the United States.

On the whole, Jordan has shown itself to be a pragmatic country. For example, in seeking rapprochement with neighboring Syria, the often-abused Arab calls for unity were not mentioned. Both Jordan and Syria preferred to concentrate on practical aspects of cooperation, including joint commercial ventures and frequent high-level consultation.

All these decisions generally emanated from King Hussein himself. During the 27 years of his rule he has learned how to cope with adversity and to avoid pitfalls when they can be avoided. Although officially a "constitutional monarch," he is very much in charge. In the end, it is his word and his decisions that count.

Political parties are discouraged although there is some underground activity, particularly by the Communists. But the Jordanian security apparatus is a well-oiled, efficient machine. In building it up, the king learned from bitter experience.

The main pillar of the throne is the army of about 70,000 men, one of the main concerns and preoccupations of the king. Trained at the British military academy at Sandhurst, the king is genuinely interested in the military — particularly since he knows its role in his survival.

The recent economic recovery has created a reasonably affluent urban middle class, including both Palestinians and "East Bankers." The influx of young graduates from Western — particularly American — universities has contributed to the creation of a sound technocrat class.



King Hussein



Ultimate Objective

Economic Self-Sufficiency

By Harry Carr

AMMAN (IHT) — The ultimate objective of Jordan's planners is economic self-sufficiency. It is an ambitious goal and the first tangible step toward its attainment is the current five-year economic plan.

Started in 1976, it has generally proceeded on schedule. The final stock-taking will be at the end of next year. It will determine whether further planning should be characterized by the same boldness.

At its inception, the plan called for a total expenditure of \$2.4 billion at 1975 prices. Allowing for inflation, in practical terms this amount will have been reduced by at least 30 percent when the plan is completed.

The five-year plan calls for an annual real economic growth of 12 percent and a ratio of investment to Gross Domestic Product of 36 percent.

This overall growth target includes a 40 percent growth rate in agricultural production, 51 percent in services, 120 percent in electricity and a staggering 220 percent in mining and industry, the nation's No. 1 objective.

In mapping out such ambitious targets, the Jordanian planners were guided by the preceding plan which covered a span of three years and was termed 94 percent successful.

However, compared to the present plan, it called for an expenditure of \$1.68 billion. Favorable economic indicators — including the drop in unemployment and a steady level of foreign subsidies — unquestionably exercised a strong influence on the current plan.

The amount spent is equally divided between the private and public sectors. Priority has been given to an effort to disperse economic activity throughout the country, thus keeping in check the mushrooming concentration of production centers around the capital.

Five Areas

The planners divided the kingdom into five production areas: Amman and vicinity, the Jordan River Valley, the north, around the city of Irbid, the Aqaba area in the south, and the central desert region around Ma'an.

About 50 percent of the funds is expected to come from the private sector. In committing its share, the government has counted on long-term loans expected to cover three-fourths of its pledge.

In the political sense, the plan is a realistic document. It deals with economic realities, excluding the vague possibility that during its performance, the fertile West Bank will return under Jordan's control.

According to government sources, a combination of economic, financial and monetary indicators "reflected positive developments during 1978." They provided a reasonable degree of optimism that the objectives of the five-year plan would be met as closely as possible.

Encouraging Sign

Jordanian planners, however, are not completely euphoric. They keep warning that while reaping the benefits of past planning efforts, Jordan's economic picture still shows vulnerability to what is being described as "forces beyond control."

An encouraging sign is the fact that domestic revenues have risen sharply during the first three years of the current plan, from \$352 million in 1976 to \$500 million last year. In the current budget, domestic revenue is expected to reach \$830 million — or 90 percent of current expenditures.

In assessing the plan's performance to date, it should be kept in mind that the national budget remains heavily dependent on foreign aid, both in the form of budget support grants and long-term loans for development projects. One encouraging development was the reduction of foreign budget support and loans last year to \$582 million, compared with \$829 million during 1977.

Tapping Hidden Wealth Beneath the Wasteland

By John Halaby

AMMAN (IHT) — Tapping the country's wealth hidden beneath the wasteland that covers nearly 85 percent of its territory is one of Jordan's priority problems.

Combined with industrial expansion, it is the nation's main hope and a challenge to its economic planners.

By the time the current five year plan ends next year, the government will be able to assess to what extent its objectives have been met. At present there are reasonably optimistic indications that the emphasis on the services sector toward the industrial sector has proceeded smoothly.

The change has not been dramatic by international standards. When the full facts and figures for this year are in, they are likely to show that the share of the services sector in the gross domestic product will have dropped from 70 to about 60 percent. The beneficiaries are mining — phosphates and potash — and the growing production of chemical fertilizers, as well as the expansion of medium industries.

Although Jordan is no longer a "one mineral" country, phosphate production continues to receive much attention. The country's principal phosphate producing regions are Russeifa, El Hassa and Shidya. Exploration in these and other areas of Jordan showed estimated phosphate reserves of about 1.2 billion tons. Last year, the Jordan Phosphate Mining Company exported 2.3 million tons, with net sales of \$65.8 million. Far Eastern and East European countries are principal buyers of Jordan's phosphates.

The aim is to increase production to 6 million tons a year, mainly by expanding the Hassa and Wadi al Abyad sites with the help of new storage and loading units at the port of Aqaba. Much depends on the improvements of the phosphate railway between Hassa and Aqaba, at this stage a one-track line.

Potash has been another "traditional" Jordanian mineral, present in the form of melted salts in the Dead Sea or as rock potash on the sea's eastern shore. Jordan's single biggest industrial plant is the Dead Sea potash plant, expected to have initial production of 1.2 million tons annually when completed in 1981.

The project involves the construction of a township to accommodate the labor force, of a power plant and of a potash refinery. Loans for the huge project have been obtained from a variety of sources, including Kuwait, the Agency for International Development, the International Bank, Iraq, Britain and the Arab Development Fund.

Jordan also has high hopes for the exploitation of copper and manganese ore, of increasing the production of cement for export as well as the development of the marble industry.

On the whole, planning for the expansion of minerals is in a state of flux simply because the knowledge of the extent and variety of available resources is constantly affected by new findings.

According to a report by the ministry of industry and trade, "The range of discovered mineral and industrial rocks is relatively narrow. Nevertheless it does provide the basis for the potential establishment of an inorganic chemicals industry."

The generally optimistic assessments of the country's mining and industrial potential are based on previous performances and during the past five years, Jordan's income from industrial production has doubled.

Small and medium-sized industries catering to domestic and export markets have been expanding steadily, despite local labor shortages and the uncertain conditions of the external market. There has been considerable growth among small firms employing frequently fewer than five persons. Officials estimate there are over 6,000 such units in Jordan at present.

The ultimate hope is to make the country a kind of industrial entrepot for the Middle East — a honeycomb of assembly plants and transformation factories. Before that happens, Jordan will have to overcome a number of difficulties, including an inadequate infrastructure and shortage of domestic labor, increasingly attracted by higher wages and better prospects in the oil producing Gulf states.

Vast Archaeological Heritage

By Juliet Pearce

AMMAN (IHT) — Coping with Jordan's enormous archaeological heritage is a problem that fascinates scholars throughout the world.

Few countries have such a rich and varied past — here civilizations succeeded civilizations leaving behind artifacts and ruins found in incredible quantities.

For example, during excavations for a road to Aqaba, some 200 completely new archaeological sites were discovered. In the Jordan Valley — a narrow strip of fertile land between the Sea of Galilee and the Dead Sea — some 500 sites were recently recorded during surveying for another new road.

Jordan is the country of Jerash, Petra and Aqaba, known to most world travelers. It was from Mount Nebo that Moses looked over the Dead Sea and got his first glimpse of the Holy Land.

Egyptians, Hyksos, Assyrians and Hittites have passed through the country that today is Jordan.

Then came the Nabateans of Petra fame, followed by Greeks, Romans and Byzantines. The crusaders left their imprint by a number of innumerable castles.

"The big problem," explained Jordanian archeological expert Daoud Tukani, "is to make sure that we don't start building new factories on top of some undiscovered, priceless archaeological sites."

For example, a Dutch archeological team recently completed a survey of sites around Yarmouk, some 10 miles south of Amman, where industry is spreading and a new international airport is under construction.

Under the Sea

All small objects are carefully recorded and transported to the new archaeological museum being constructed in the citadel of Amman. Other sites are carefully marked. Frequently, travelers along Jordan's roads see a cluster of ancient columns, a tomb, a ruined temple

standing virtually in the middle of nowhere.

Parts of Jordan were once under the sea, and bones and skeletons of fish, giant lizards and turtles found in the country have been carbon-dated back 80 million years.

The country's scenery — modern construction part — is believed to be the same as when Paleolithic man lived there about 2 million years ago.

Scientists believe that Jordan may well have been the site of the first settled community of man — most likely in the Jordan River Valley.

The task of cataloguing the artifacts constantly being discovered is daunting. Since a complete archeological survey appears beyond the possibilities of a single country, the Jordanians are encouraging the cooperation of archeologists and universities throughout the world.

Amateurs are even welcome to help uncover the country's ancient past, under scholarly or government supervision.

Longest-Ruling Arab King

By Andrew Borowiec

AMMAN (IHT) — At the age of 16, he watched his grandfather, King Abdullah, felled by an assassin's bullet. The boy became a man, and knowing the world around him, has carried a gun ever since.

Today Jordan's King Hussein bin Talal is the longest ruling Arab monarch. For 27 of his 44 years, he has ruled a country that has weathered three lost wars, a civil war and Israeli occupation of its most fertile part, the West Bank.

King Hussein himself has escaped at least nine attempts on his life. He has personally quelled army mutinies and faced down rioters.

He is a survivor in a ruthless and fragmented Arab world, where, as he himself put it in his autobiography, "Uneasy Lies the Head," "life is all too often held cheaply, and death often passes unheeded."

Lost Homeland

At this juncture Jordan is perhaps as stable as it can ever be despite the fact that 60 percent of its population are Palestinians, many of them clamoring for a return to their lost homeland. Whatever King Hussein, born into the poor but proud royal family of Amman, decides, he has to keep the Palestinian problem in mind. It is a problem that haunts Jordan's past and clouds its future.

Wary of the Palestinian guerrilla movement and yet aware of its durability, King Hussein officially espouses what the Arabs call "the Palestinian cause." Recently he has had meetings with a former foe, Yasser Arafat of the Palestine Liberation Organization, and is now a confirmed member of the Arab group that has refused to accept the American-engineered peace treaty between Israel and Egypt.

The treaty has made King Hussein, one of the Arab world's most pro-Western and pro-American leaders, bitter about U.S. policy in the Middle East.

The United States, he said recently, "will realize that what has been attained so far is not the kind of peace the Arab region is seeking. We must therefore establish a new peace and make new calculations."

But King Hussein, more than any other Arab leader, knows the limitations of such an ambitious proposal. More than once he has deplored the fragmentation of the Arab world, its quarrels, its penchant for risk-taking. The trouble with the Arabs, he has said, is that "We don't act, we react. We don't have a definite goal. We don't even know which Palestine we're fighting for — the one before 1947, the one of 1947, or 1948 or 1956 or 1967 or . . . ?"

King Hussein's dilemma is that as the head of a comparatively small and resourceless country, he is unable to weigh heavily on the Arab scene. His dependence on budgetary subsidies by the United States and conservative Arab countries automatically limits his political leeway.

Many a less courageous man would have given up the Hashemite throne years ago. But the king has weathered the vicissitudes, backed by his small but tough army and convinced of the righteousness of his cause and of his policies.

"We form a shield and provide a depth to the Arab nation," he said. "We have committed ourselves to do the impossible — to regain the lost territory and the full rights of the Palestinians in their occupied land. We are working for the future of the coming generations and are defending the Arab character against the dangers that threaten it today."

For King Hussein, perhaps the most traumatic development in recent years was the Egyptian-Israeli treaty. He saw in it a blow to Jordan's own aspirations and the aspirations of the Palestinians.

"The significant point," he has said, "is that in order to achieve a treaty, the United States has given

Israel such guarantees and military support that the U.S. is now unable to influence Israel by any means." The United States, according to the king, "has lost its position as a neutral mediator."

Whatever the pitfalls lying ahead, King Hussein can rightly claim the credit for maintaining the cohesion of his truncated country, a high level of foreign aid and internal security. The latter is an important factor in attracting foreign business interests.

In his decision to reject the American treaty and join the Arab "steadfastness front" instead, King Hussein was largely motivated by his fervent Arab nationalism. He makes no bones about it. Nationalism, he has written, "must be the salvation of the Arab world . . . it means the ultimate loyalty of the individual to the Arab world as a whole. It demands that a Jordanian be an Arab first and a Jordanian second."

But Jordan is very much his first love. In his autobiography, he writes of its "strange, haunting beauty and a sense of timelessness. Dotted with the ruins of empires once great, it is the last resort of yesterday in the world of tomorrow. I love every inch of it."

Life has rarely been easy for the Hashemite monarch. When he was a year old, his baby sister died in the bitter cold of an Amman winter.

"She died of pneumonia because we could not afford much heat in our small house."

He was educated at Victoria College in Alexandria, had a spell at Harrow in England, and when he was already king, attended the British military academy at Sandhurst. His Sandhurst period has left a deep impression on him and considerable respect for British military discipline and training.

The regency council that ruled in his absence turned over the consti-

tutional powers to King Hussein on May 2, 1953, shortly before he turned 18. Afterward the country suffered from one hardship to another, with the young king learning the art of statesmanship the hard way.

In 1967, he helplessly watched Arab blunders and lack of coordination during the Six-Day War against Israel. His own small army fought valiantly, but because of the early loss of its meager air force and the confused directives of its Egyptian generals in charge, it was defeated within two days.

In 1970, when he ordered his army against the Palestinians who virtually ruled the country, he became an outcast of the Arab world. He weathered that storm too, calmly operating his ham radio while shells exploded over Amman.

Fast Cars

To King Hussein, the 10-day civil war was something that had to be done in order to spare the country further turmoil and preserve the authority of the throne.

The king loves fast cars, fencing and horseback riding, but above all his passion is flying. He is an extremely competent pilot. Flying, he has said, "has opened a wonderful vista of escape. The moment I climb into the cockpit I shake off my problems and worries. Once in the air, the restrictions that surround monarchy vanish. I am a man alone."

In June 1978, King Hussein married 26-year-old Elizabeth Halaby, the daughter of an American executive and international lawyer. She became Queen Noor el Hussein — "the light of Hussein."

He has been married three times before. The first two marriages ended in divorce. His third wife, Queen Alia, died in a helicopter crash.

Seeking 'Durable Peace' In Middle East Conflict

(Continued from Page 95) undergoing a new phase? If so, how has it affected the Hashemite Kingdom?

A. Well, the Hashemite kingdom of Jordan has very deep roots in the past in terms of Islam and of the Arab movement and very great hopes in terms of the future. There is a turbulence in this area that is very obvious, and we are not very happy with all that is happening in our area and in our world. We do believe that there are chances for many to grow up as leaders and learned people. Our fears can give us the courage that is required to face the challenges both now and in the future.

Q. A number of Arab rulers have expressed concern — albeit privately — about the Islamic revolution in Iran. Is there room for an Ayatollah Khomeini and his type of government in Arab countries including Jordan?

A. I cannot answer this question for the simple reason that it is very difficult to see where events will lead Iran and what will be the eventual outcome of the situation there. What we wish for Iran is stability and strength and progress, and as far as we are concerned in Jordan, we have always sought to bring Iran and the Muslim world and the Arab world together — even when many others opposed this approach.

Therefore, our relations with Iran have always been cordial over many years in the past, extremely cordial and extremely strong. We are obviously watching with concern and anxiety what is happening there. I do not believe the story has reached an end that we can define. It is difficult to say whether this area will be affected positively or negatively by what is happening, but our sincere wish is that whatever happens will be for the good of Iran, for the good of the entire area. I do not believe that what is happening in Iran will suddenly happen anywhere else, in Jordan or in any other part of the world.

Q. What is your assessment of the recent Arab summit held in Tunisia in which you played a pivotal role?

A. Well, I did not play a pivotal role; I joined others in their deliberations and I was very happy indeed with the results. I believe we have come a long way since the Baghdad summit. It is now established that every year Arabs should meet to discuss problems that are of concern to us and should review our responsibilities and our approach to the future. This in itself is a very healthy development. I believe some very positive steps were taken there, maybe not all that could have been taken, but if you follow this path into the future it is a very promising one. I sincerely hope that the results will be to the betterment of the entire area and particularly to the strength of the Arab world.

Q. Do you believe the recent situation in Mecca will have any further repercussions in the Arab world?

A. It was a very sad period, one of the saddest and most shocking as far as I am concerned, as a Muslim, a Hashemite, an Arab. That situation in the holiest place in Islam and in the manner that it happened, is in my opinion a crime that is unforgivable. It indicated to me and to many others, I believe, that we need to make sure that religion is not used against religion and against the very basis of our faith by some who are doing that here and there in the Muslim world. This is a danger that we have to look at very seriously now. Faith can be a source of great strength; it can also be a very vulnerable point by which many could be misled — as is obviously the case with this recent tragedy in Mecca.

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Professional Army Determined to Resist Any Israeli Attack

By Andrew Borowick

AMMAN (IHT) — The outside world often sees them as a colorful image — camel riders in a checked headscarf, a lone rider sounding a call in a desert spot. There is also the almost legendary figure of Gen. Sir John Bagot Glubb, more often known as "Bobby Pasha," the father of Jordan's famous Arab Legion.

The length of the frontier is far beyond the defense capabilities of the 70,000-man armed forces, which could be bolstered by an estimated 50,000 reservists. If war comes to Jordan again, says the commander in chief, Lt. Gen. Sharif Zaid Bin Shaker, "the problem of the length of our front would be beyond any single country's possibility to solve."

headquarters at the Al Kiyedeh camp, "is to make it so costly to the enemy that he will have second thoughts about attacking us again."

Consequently, he said, Jordan is trying to modernize and re-equip its army and expand its air force. The air force, Gen. Shaker stressed, "is our No. 1 priority."

There are also plans to shift the emphasis of the armed forces from an entirely professional army into an Israeli-style "citizen army." Conscription started in 1976 but so far Jordan has decided to keep the percentage of draftees to one-fourth of the total. Obviously, the old belief in the better performance of the professional soldier still holds.

Today the army consists of two armored and two mechanized infantry divisions. There is also one special forces brigade and the Royal Guards brigade.

While storming Palestinian command positions in Amman and Irbid, the army also stopped an invasion by armored units from Syria during a costly battle in the desert outside Ramtha.

force. It has the considerable respect of its Israeli opponent. It still believes in spit and polish, and British tradition and customs are very much present.

Weakness in Air

The reason is simple: Despite the tough stand against Israel put up during the 1967 war — and acknowledged by Israeli generals — the army had to abandon the West Bank mainly because of lack of air cover.

Jordan now has four squadrons of F-5s, or about 50 planes, plus a transport squadron. More important, it has ordered more than 30

French F-1 advanced Mirage fighter-bombers. It is building up its air defenses by increasing the batteries of U.S. Hawk ground-to-air missiles and purchasing an unspecified quantity of conventional but modern anti-aircraft guns.

Despite this effort, Jordan still feels extremely vulnerable. The reason, said Gen. Shaker, "is that the Israelis have an unlimited source of

supply and support in the United States."

or six years, and most extend beyond that period. After 16 years of service, even private soldiers are entitled to a government pension — a unique arrangement in the Arab world.

Spit and Polish

This reporter watched the deployment of Jordanian tanks near Ramtha at sunset before the shells started exploding that fateful evening. The officers were cool and composed, scanning the horizon with their binoculars.

Above all, it remains fiercely loyal to King Hussein, who makes a point of spending time visiting various army units, supervising the training with new weapons and personally knowing his officers.

Costly Battle

According to a popular saying in Jordan, "King Hussein is the army and the army is King Hussein." It is a fact that the army is fiercely loyal to the king. It had demonstrated this on a number of occasions and particularly during the September 1970 civil war, during which the king ordered it to attack the Palestinian guerrillas to assert his rule over the country.

In fact, it was the army's loyalty that restored normalcy to Jordan

King Hussein visits the troops in Jordan

Vast Effort to Develop Fertile Jordan River Valley

By John Halaby

AMMAN (IHT) — Jordan's Garden of Eden lies along the 100-mile long valley between the Dead Sea in the north and the Gulf of Aqaba in the south. It is a land of promise, where Christ was baptized, and where the Jordanian Arab Legion has fought its fiercest battles.

Between the 1967 Arab-Israeli war and the 1970 Jordan civil war, the Jordan valley was a picture of desolation and error. Most of the 100,000 inhabitants had gone, fleeing artillery duels and during raids across the river by the Palestinian commandos which invariably caused Israeli retaliation. The fields became fallow and the citrus plantations looked unkempt and forlorn.

In 1972, when the turmoil rocking Jordan subsided, farmers began to return to the valley. In 1973, the Jordan Valley Authority was formed with the ambitious task of coordinating a vast effort for the area's development. Today, close to 90,000 people live and work in the valley.

covers miles of undulating desert, here and there covered by clusters of shrubs. Rocks, mountains and hills rise over the monotony of sand and desolation.

Other organizations active in the field of agriculture include the Jordan Valley Farmers Association and the Agricultural Marketing Association. The latter is a semi-government agency headed by the minister of agriculture.

In a way, the Agricultural Marketing Association shows the inevitability of government involvement in agriculture in a country suffering from a dearth of water. For example, various irrigation projects have to be carefully studied with the value of the product and its water consumption very much in mind.

The trek toward the cities and the temptation of more lucrative employment in the Gulf has affected the agricultural sector. The dwindling ranks of farmers — from one-third of the active population in 1976 to one-fourth in 1979 — has raised the problem of farm mechanization. Jordan as a whole is subject to the caprices of the weather. Cereal production has particularly been affected by five years of dry weather, creating the problem of government subsidies for staple products.

In this context, the development of the Jordan valley looms as an extremely important factor in the country's economic planning.

Meeting of Waters

Waiting for irrigation by linking the waters of the Jordan with those of the Yarmouk River through the Ghor Canal are 2 million acres

of nearby land. When the project is completed, it will represent Jordan's own effort at "making the desert bloom."

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Arid Zone

Agribusiness remains second on Jordan's priority list, coming only after plans for industrial expansion. And while the battle against the desert in most of the country presents a formidable obstacle, the development of the Jordan Valley promises reasonably quick results.

Fully 91 percent of the East Bank of Jordan or the zone under Jordanian rule at this stage — is classified as "arid." This simple term

has been given to improving such processes as marketing of agricultural products and the cooperative movement. The result was the creation of the Agricultural Credit Corporation with the aim of extending loans to productive agricultural activities, including irrigation, land reclamation, purchase of farm machinery and any improvement of farming methods.

The Jordan Cooperation Organization was set up as a central agency for banking, marketing, training

and other services in the agricultural sector.

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Dwindling Farmers

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Nationalism of Palestinian Refugees Is Growing Stronger Still

By Andrew Borowiec

AMMAN (IHT) — The muddy alley was lined with shacks, their corrugated iron roofs held in place by stones. But there was a forest of television antennae and here and there a parked automobile added an incongruous touch.

"Some of these people," said Fouad Akram, "make a lot of money. The days of trouble are over, God willing."

The scene was the Wahdat camp of Palestinian refugees, once the nerve center of Palestinian efforts to topple King Hussein. Ten years ago children fired bursts from automatic weapons into the air, shouting "Tawara Hana al Nas" (Revolution until Victory).

Now the arms are gone, other children are at school and their fathers work for petromoney in the Gulf states, sending back hefty remittances.

Time Gained

The problem that plagues the Hashemite kingdom of Jordan, where 60 percent of the 2.5 million inhabitants are Palestinian, appears to have been defused for the time being.

The camps are still there and their names — Wahdat, Jebel Hussein, Zizia, Baqaa — remind the country of the flight of thousands from their homes in what is now Israel or the occupied West Bank. The first refugees poured across the Jordan river in 1948. Now a second generation of refugees born in the camps is growing up — many of them in the same camps.

The temporary camps have been

built into more solid structures and some now resemble honeycombs of shabby dwellings. They have become a symbol of hope for a return to homes many of which gave way long ago to highways and apartment projects in the state of Israel. But the loyalty to "Palestine" is still there — 31 years later. It is stubborn and permanent. The more time passes, the more alluring is the vision of the lost homeland.

Market Places

There are trading areas and market places on the fringes of Wahdat camp. Stores sell washing machines, furniture and television sets. Baskets of fresh fruit and vegetables are laid out in neat rows. Solemn public writers, in formal European suits but with heads covered by white Arab "Keffiyeh" sit under umbrellas waiting for customers.

Women in long, colorful robes talk in shrill voices, their wrists covered with gold bracelets. Here and there a picture of King Hussein smiles from the weather-stained wall.

From the political point of view, this perhaps is a more significant change than the gleaming limousines and television sets. There are still memories of Jordanian artillery firing on Wahdat during the 1970 civil war. The 6,000 Palestinian dead and thousands of wounded have not been forgotten. But Al Hussein has stopped being an enemy and has become a friend.

The change did not take place overnight. It began with the expulsion of armed Palestinian commandos from Jordanian territory in

1970. Then came the 1973 Arab-Israeli war, the oil price rise, and the need for manpower in the oil-producing Gulf. The refugees gradually became consumers. Today rations from the UN Relief and Works Agency often find their way to the market place rather than into the shacks many Palestinians call their "temporary homes."

Now King Hussein is again talking to Yasser Arafat, head of the Palestinian Liberation Organization. He has rejected the Egyptian-Israeli peace treaty, which skirted the Palestinian question. To Palestinians he has become a "good king," head of the only Arab country that considers the Palestinians its citizens.

Logically, it could hardly have been otherwise. The Hashemite kingdom has claimed sovereignty over the West Bank since 1948. Palestinians have been the mainstay of Jordan's economic activity for years and now many serve in its armed forces.

Thousands have penetrated the fabric of Jordanian society although generally the "West Bankers" tend to cling to their own community.

To many East Bank Jordanians with Bedouin traditions, the Palestinians have remained a nation of traders. Indeed, they dominate the professions, commerce and industry. To those affluent Palestinians, Jordan has become a permanent home, not merely a transit camp.

It is estimated that perhaps only about 500,000 Palestinians in Jordan are actively connected with the "Palestinian cause." But their commitment tends to be emotional

rather than practical, and it centers mainly on refugee camps.

And the camps are closely watched by the Jordanian security apparatus. Weapons have been banned as well as commando organizations which 10 years ago had total control over the teeming settlements.

This strict but generally benign watch over the camps obviously does not please the Palestinian leadership now concentrated in Lebanon. But Jordanian authorities have learned their lesson. Until now, Palestinian demands for bases of operation against Israel on Jordanian territory have met with firm refusals.

In any case, Palestinian men are more preoccupied with earning money in the Gulf. A least 400,000 holders of Jordanian passports,

most of them Palestinians, are now working in the Gulf area, in Kuwait, Qatar, the United Arab Emirates and Saudi Arabia. Last year they sent home close to \$700 million in remittances. That money has brought the new cars to the muddy alleys of Wahdat.

Of course, there is constant talk of Palestine and particularly about the future of the West Bank. But Jordanian economists feel that if the West Bank is evacuated by Israel, not all Palestinians would return there. Even an exodus of some 200,000 Palestinians from the East Bank could have a destabilizing effect on Jordan's economy, which is plagued by labor shortage.

The problem does not arise at this juncture. The Palestinians have accommodated themselves to Hashemite rule and the Jordanian

Should Jordan suffer another defeat at the hands of Israel, should the "Palestinian cause" undergo a major international setback, the camps might explode again.

government to their presence.

This does not eliminate the fact that the Palestinian problem does exist with its potentially explosive possibilities. Should Jordan suffer another defeat at the hands of Israel, should the "Palestinian cause" undergo a major international setback, the camps might explode again.

Much depends on King Hussein, the pillar on which Jordan's precarious

stability is built. The king knows that most Palestinians have not been able to fulfill their national aspirations within the context of his kingdom.

Jordan is yet to be forged into a permanent national entity for all its inhabitants. Perhaps that is why the king has been stressing the need for Palestinian self-determination, which could only come with the recovery of the West Bank.

On this issue, there are few divisions within ruling Jordanian circles. But as long as there is relative prosperity and work, either here or abroad, for most Palestinians, the clamor for revolt is bound to be kept in check. This state of affairs requires that the Palestinians be kept in check. There seems to be no other solution in the foreseeable future.

Bridge Between Enemies

KING HUSSEIN BRIDGE (IHT) — The Jordanian machine gunner stared intensely at two Israeli flags under the spreading eucalyptus trees. Now and then he picked up his binoculars and scanned the gun emplacements on the other side of the narrow river.

A ramshackle bus approached the bridge. Slowly, rattling the wooden boards, the bus crossed the 50 yards of the structure and entered Jordanian territory.

"Our flag is not flying here," a Jordanian lieutenant said pointedly. "We consider that land over there as ours, under temporary enemy occupation."

The King Hussein Bridge across the Jordan River is one of the two direct outlets to the Arab world for Jordanians living under Israeli rule. The other is the Demia Bridge 30 miles upstream.

Truck Traffic

Over these bridges more than 1 million persons a year cross in both directions. Most are Jordanians and foreigners touring the Holy Land. Every day between 60 and 100 trucks bring agricultural produce from the occupied zone to the East Bank.

This cooperation between the two enemies is taken matter-of-factly and with little publicity by either side. All sorts of agreements are made through intermediaries: for a smooth transfer of tourists and pilgrims, for the changeover of license plates on trucks, for the continuing payment of salaries to Jordan to a number of civil servants in the occupied area.

The King Hussein Bridge was constructed in the wake of the 1967 war which amputated the West Bank from the Hashemite kingdom.

About 100 yards downstream lies the blown-up Allenby Bridge, its rusty components protruding from the muddy water. A mile downstream is the place where Christ was baptized.

The arrangement to allow foreign tourists to cross into Israel was a major compromise on the part of Jordan, demonstrating the small country's pragmatism. But the rules have to be observed: passes must be applied for in advance, tourists who intend to return to Jordan are generally not allowed to stay in Israeli-held territory more than 40 hours — enough to see Jerusalem and Bethlehem.

Exit Stamps

Moreover, they may not bring back Israeli entry or exit stamps in their passports, an ironclad Arab rule with which Israeli immigration officials willingly comply. This, of course, does not affect tourists who intend to leave the area from Israel.

This arrangement allowing some traffic to cross the bridge is beneficial to both sides. Jordan gets the fruit and vegetables it needs — grown by fellow Arabs. Jordan also gets more tourists by enticing them with the visit to Christianity's holy places.

The Israelis get rid of the produce they do not need, benefit from Jordanian tourism and provide a safety valve for close to 1 million Arabs under their rule by allowing trips for family reasons, business or on Muslim pilgrimages.

The traffic from Jordan to Israel is usually in group tours, rarely by individuals who are allowed to take taxis to the bridge. All individual travelers have to cross the bridge on foot, lugging their belongings.

Before entering the bridge area, everyone is processed by Jordanian

officials in a special compound under corrugated iron roofs. The buses are then allowed to proceed past camouflaged Jordanian soldiers and gun emplacements.

The Israelis allow vehicles from Jordan to their own quarantined point about a mile from the bridge. There, all travelers and cargo trucks undergo a careful search.

Names of Dead

Before turning into the road toward the King Hussein Bridge, the travelers from Jordan pass a monument showing a Jordanian soldier holding an automatic with fixed bayonet and pointing the occupied area. Around it are plaques with the names of some Jordanian soldiers killed in the Israeli raid on the nearby village of Karameh — a retaliation against Palestinian commando infiltration.

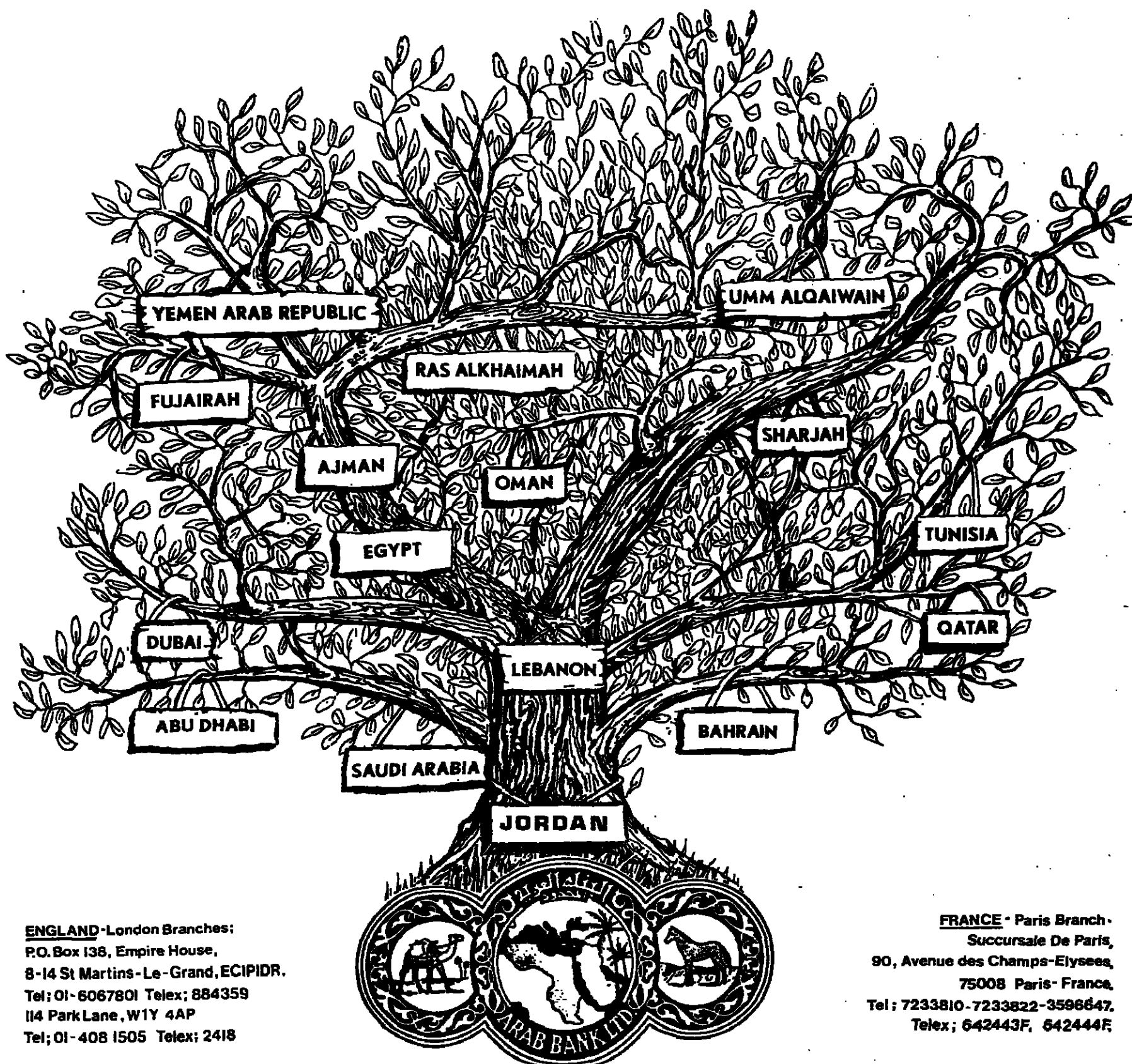
The commandos have been based near the ruins of Karameh, the authorities are building rows of colorful one-family houses. A generation of Jordanians is born about Karameh from history books.

When the Arab armies battled Israel on two fronts in October, nothing marred the sleepy atmosphere of the Jordan River valley. The two neighbors knew that fighting another front would not be in the interests of either of them.

But occasionally, shots are fired amidst the greenery lining the banks of the Jordan, usually evoked by the tension of stalemate, enemy literally in the face.

"The incidents are benign," a UN official said. "As far as we can tell, the Israelis are more than happy than Jordanians."

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5. Bonds may be purchased and owned by non-residents of Jordan.
6. Non-residents purchasing Bonds in a convertible currency enjoy the option of cashing the value at or before maturity, the interest earned and prizes won either in Jordanian currency or in a convertible currency such as U.S. dollars.
7. All earnings accruing to Bonds, including capital gains, are free from income tax and all other taxes and fees.

Applications to buy premium Development Bonds may be submitted to the Central Bank or any of the commercial banks in Jordan.

Premium Development Bonds are traded at the Amman Financial Market.

Stabilization OPEC Ministers' Aim

NEW YORK, Dec. 12 (AP-D) — The Organization of Petroleum Exporting Countries prepares for its annual meeting next Monday, Caracas, most of the oil ministers of the 13 member nations indicated interviews that a major goal is to get on a course toward stabilizing oil markets.

The meeting will no doubt result in another rise in the official price of OPEC's oil, which currently is below prices in the spot market, and plenty of rhetoric in support of the increase. But most representatives of the seven Arab and six non-Arab OPEC nations are clearly concerned and somewhat confused over the swift pace of events that has resulted in runaway petroleum prices this year.

For one thing, says Sheikh Ahmed Al Yamani, Saudi Arabia's oil minister, "we have lost control over petroleum prices."

tee, says that he hopes it will be ready for presentation to the ministers at this session, which begins on Dec. 15.

Venezuela and Saudi Arabia are the main sponsors of the 44-page working paper, which has been reviewed by the ministers of Algeria, Iraq, Iran and Kuwait, who are also members of the strategy committee. The oil ministers from the remaining OPEC nations — Ecuador, Gabon, Indonesia, Libya, Nigeria, Qatar and the United Arab Emirates — may review the study at next week's session. If not, they will probably take it up at a special session in the spring.

Final action then would probably come at an OPEC summit meeting scheduled for later this year to mark OPEC's 20th anniversary.

The study has not been made

public, but Petroleum Intelligence Weekly, a trade publication, says that it sets the basis for a broad dialogue with industrial countries, aimed in part at stabilizing oil supplies. The report also considers a longer-term "rational" oil-pricing system.

Whether OPEC is likely to adopt unified long-range plans is debatable, of course. The OPEC nations have diverse goals and interests, and the Iranian crisis has injected new dissensions. Iran and Libya, at least, appear content with the threat of oil scarcity driving petroleum prices even beyond their targets.

But many others in OPEC fear that they may be approaching the point of diminishing returns. They expect at least a temporary oil surplus to surface next year, and prices may be forced lower again.

In the past, OPEC was able to maintain a floor under prices even during times of surplus. But its official pricing actions this year have been mainly a rubber stamping of what its members had already chosen to charge individually. Consequently, says one oil minister, "there are now 13 different OPECs," with each producer setting its own prices without much regard for the cartel's benchmark quote.

With oil supplies tight, individual pricing measures have not been much of a problem for the group. But if an oil glut develops, price-cutting by members could follow as they try to keep their market shares. Many in OPEC fear that this could bring on severe strains, perhaps endangering the cartel.

Sheik Ali Khalifah Al-Sabah, Kuwait's oil minister, sees demand for OPEC oil dropping as much as 15 to 20 percent in 1980. This is one reason why several in OPEC want to coordinate production rates with lower demand to avoid a glut.

But renewed oil shortages could also bring real problems for OPEC. The oil ministers cite recurring speculation in some industrial nations, particularly the United States, about possible military actions in the oil fields if supplies are disrupted.

Some ministers also worry about the effects on the economic health of the Western nations from over-reliance on OPEC oil, and possible supply shortages. That is not necessarily altruistic. Many of the producers have much of their wealth invested in Western countries.

Global Outlook Worsened By Oil Rise, Solomon Says

By Hobart Rowen

WASHINGTON, Dec. 12 (WP) — World oil prices have skyrocketed more than 80 percent in the year since December 1978, creating a "sobering" global economic outlook that is expected to worsen after the Organization of Petroleum Exporting Countries meets in Caracas next week to make new production and pricing decisions.

That was the grim picture drawn today by Anthony Solomon, Treasury undersecretary for monetary affairs, in testimony before the Senate Banking Committee subcommittee on international finance.

Even with "moderate" price increases from OPEC, Mr. Solomon said that the forecast massive OPEC financial surpluses that would approach \$80 billion next year. He also warned that the industrial world would be able to muster real economic growth of only about 1 percent in 1980, and that this would increase unemployment.

Mr. Solomon reported that the average official OPEC price had moved from \$12.93 a barrel in December to about \$21.50 now, an increase of 66 percent. But "significant amounts of oil" now are being shipped through spot markets at prices of \$40 a barrel and more, bringing the overall increase in the price of oil from all sources to more than 80 percent, he said.

U.S. policymakers are concerned, informed sources said, that OPEC will not come up with a "unified" price structure at Caracas. The moderate states will increase prices a moderate amount, and the rest of them will see what the traffic will bear, said one U.S. official.

Somehow, the U.S. officials feel that they can no longer "count on" OPEC sessions to set prices that will hold for any foreseeable period. More likely, there will be an upward stepping of prices throughout the year, with increasing amounts diverted into the spot markets.

Mr. Solomon told the committee that whatever OPEC does in Caracas, "our future economic security will depend in large measure on the ability of major countries, especially the United States, to restrain oil imports, to become more energy efficient, and to increase alternative supplies of energy."

In essence, he said that oil has become "a — if not the — dominant factor" in determining both the severity of inflation and the world's ability to grow.

Mr. Solomon said that the stiff oil-price increases this year had swelled OPEC financial surpluses from about zero in 1978 to \$60 billion in 1979. In response to a question by Sen. Adlai Stevenson, D-Ill., he put the likely surplus figure at "something more than \$80 billion" in 1980, assuming a moderate price hike.

The impact of the oil rise would be about equal, he said, between the poor and rich nations. Mr. Solomon indicated that the less developed countries as a group would see their balance of payments deficits increase from about \$20 billion in 1978 to \$33 billion in 1979 and to "close to \$45 billion" in 1980.

He was a bit less precise about the developed nations as a group, which had a surplus of \$8 billion in 1978, and will run a deficit of about \$30 billion this year. He said only that the rich nations' deficit will be even larger next year — again, the underlying assumption being merely a moderate oil price increase.

Obviously, something more extensive than a "moderate" oil price increase would make things worse all around.

Mr. Solomon said that the more advanced of the developing countries were in a fairly comfortable position and they would get more help from fiscal aid. Nevertheless, he said the deterioration in the payments

balances for the group was "serious" because they must use their resources to pay for higher-priced oil rather than machinery and other goods that could help them to expand.

In response to a series of questions on how OPEC was investing its wealth, Mr. Solomon said that of about \$150 billion in OPEC assets outside the cartel, about \$30 billion was in dollars, and that there were "no signs" through mid-1979 that OPEC was shifting these investments to other currencies.

He added that in conversations with officials of oil-producing countries, "we sense that they accept our point of view" that the freeze of Iranian assets was a special circumstance, and not one to be taken as a precedent.

Mr. Solomon declined to tell Sen. Stevenson "what the U.S. would require of Iran" before rescinding the assets-freeze order. That is a matter for President Carter to decide, Mr. Solomon said. Sen. Stevenson responded that "I accept that answer for the time being, but I hope the Administration is thinking about it. Because if the freeze was a political response (to a hostile act) then presumably, there's a political solution."

Oil Demand

As all of this suggests, the oil ministers are indeed concerned about supply and price stability. "Oil demand will fall sharply in the year ahead," one minister says. "Supplies will be abundant, and this may cause some people to think that the oil crisis is over. Actually, the world will only be sitting in the eye of the hurricane, and we will be heading toward catastrophic shortages of oil if consumers don't cut back consumption."

Sheik Yamani echoes this view and sees gasoline prices in the U.S. possibly reaching \$10 a gallon if the 1980s do bring major oil shortages. The grim prospect of a future disastrous shortage, in fact, dominates the long-range planning as the OPEC nations reap the riches from this year's estimated 70-percent increase in oil prices.

Zaire Lenders Recommend Major Debt-Rescheduling

From Agency Dispatches

Creditor countries agreed to keep interest rates on rescheduled debt as low as possible, the sources added. Despite the reduced debt service resulting from today's agreement, Zaire's repayments in 1980 and 1981 will still represent a considerable proportion of its projected export income, the sources said.

Early next year an IMF-World Bank consultative group will meet to discuss Zaire's medium-term investment program and its financing, the sources said.

This week's meeting was attended by delegates from Abu Dhabi, Austria, Belgium, Canada, France, Italy, Japan, The Netherlands, Norway, Sweden, Switzerland, West Germany, Britain and the United States as well as Zaire.

Zaire is expected to have a balance-of-payments shortfall of \$422 million next year.

Earlier this year Zaire obtained an emergency credit of \$152 million from the IMF to pay for essential imports.

Earlier this month, Zaire received pledges of emergency aid totalling \$384.3 million from eight Western countries, Japan and three international lending organizations. This comes in addition to a three-year rescue package of \$2.5 billion put together recently by Western nations and organizations.

France Rejects Iran Funds Bid In Technicality

PARIS, Dec. 12 (AP-D) — A Paris court today rejected a demand by Iran's central bank for a \$50 billion deposit with the local bank of Citibank.

The court ruled that it cannot be any action since the funds are deposited with the U.S. bank for a fixed period, expiring 1 Dec. 19. Georges Cheron, the lawyer for the Iranian bank, said it would appeal the ruling, as well as Bank Marked Iran's suit for the immediate release of the funds.

Observers pointed out that today's court decision was based on a technicality rather than on the substance of the issue, which Citibank refused to release the funds on Dec. 19, the Iranian bank could file a new suit, the observers added.

France Rejects Iran Funds Bid In Technicality

ORDAN

S. Implements ATT Trade Pact

WASHINGTON, Dec. 12 (AP) — President Carter yesterday signed a proclamation implementing the multilateral trade accord negotiated under the auspices of the General Agreement on Tariffs and Trade.

The signing clears the way for the United States to start reducing its import duties for most items an average of about 30 percent over eight years beginning Jan. 1.

The reductions involving imports of steel products, textiles, apparel, and a few other items will be delayed until Jan. 1, 1982, will be spread out over six years.

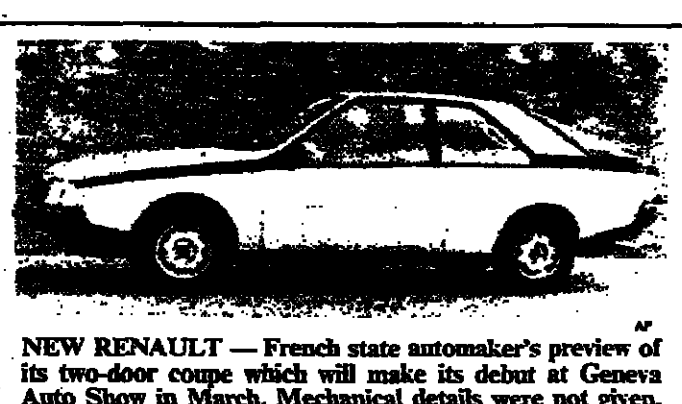
Under another agreement reached in the world trade negotiations in Geneva, the United States and other countries will eliminate import duties effective Jan. 1, 1980 on civil aircraft and parts.

France Rejects Iran Funds Bid In Technicality

Belgium Raises Rates But Franc Still Weak

BRUSSELS, Dec. 12 (AP-D) — The Belgian central bank today raised key bank rates a half point in an apparent effort to bolster the nation's currency. But the move had little immediate impact on the franc, which remained the weakest currency in the European monetary system.

The central bank raised by a half point the discount rate to 10.50 percent, the secondary discount rate half to 12.5 percent and the Lombard rate for normal monthly advances to 12.50 percent.



NEW RENAULT — French state automaker's preview of its two-door coupe which will make its debut at Geneva Auto Show in March. Mechanical details were not given.

Fall in Saudis' Holdings Puzzles Western Bankers

By Paul Lewis

PARIS, Dec. 12 (NYT) — Saudi Arabia, the world's richest oil-producing country, is puzzling Western bankers and monetary officials because it seems to be growing poorer despite recent oil price hikes.

Possible explanations for Saudi Arabia's falling stock of gold and foreign currency, these sources say, range from rumors of a massive embezzlement of public funds to a paucity of outflow of private capital and the Saudi government's growing disenchantment with the dollar.

Over the last two years, the Saudi kingdom's official reserve holdings, mostly of dollars, have plummeted from the equivalent of about \$32 billion at the end of 1977 to roughly \$17 billion last September, according to the latest figures published by the International Monetary Fund.

What intrigues Western bankers and officials is why the Saudi Arabian authorities have allowed this decline to occur in published figures universally assumed to reflect only a portion of the country's real wealth.

"The tip of an iceberg" is how one knowledgeable official describes them, pointing out that in the past the Saudis have always disguised the true size of their dollar and gold holdings partly to avoid upsetting financial markets but also because the government's money gets mixed up with the private wealth of the royal family.

Increasingly, the impression is gaining hold in Europe that the reserve decline may reflect a serious disturbance at the Saudi Arabian Monetary Authority, or central bank, which the authorities are unable to disguise convincingly.

"Everybody who follows this closely, knows something's wrong at SAMA," says Christopher Storey, editor of International Currency Review, a London-based specialist's publication that has raised searching questions about the management of the Saudi Arabian reserves in the last few years.

The only official explanation of the decline comes from the IMF, which said last year that nearly \$7 billion can be explained by the SAMA's decision in March 1978 to move the gold and foreign currency legally earmarked as cover for its domestic banknote issue out of the official reserves into an unpublished part of its accounts.

But this does not explain the whole fall.

Even Saudi Arabia's decision to withdraw the official note cover, as it is called, from its reserves causes monetary experts to raise their eyebrows.

Gold Tops \$449 Before Retreat

LONDON, Dec. 12 (AP-D) — The price of gold fell from its morning fixing record of \$449.75 an ounce today to finish little changed from late yesterday at \$446.75 an ounce.

The dollar came under repeated selling pressure but managed to close mixed against major currencies after several rounds of help from central banks. The dollar also benefited from a report that the United States was preparing a concerted program to defend its currency if its value were seriously threatened.

Gold trading was reasonably active throughout the day, dealers said.

The late quotation of \$446.50-447.00 an ounce, bid and asked, was down from the record morning fixing, up from \$445.30 at the opening and slightly down from \$447.00 late yesterday.

Some dealers said reports of the dollar defense program, which was said to have been linked to a statement by U.S. Treasury undersecretary for monetary affairs Anthony Solomon, cooled enthusiasm in the gold market.

meeting in Caracas of oil ministers from the Organization of Petroleum Exporting Countries.

At the end of trading here, the dollar was quoted at 1.7370 DM, up from 1.7350 late yesterday, after trading as low as 1.7300 DM. The dollar rose to 1.5995 Swiss francs from 1.5962.

The dollar rose against the yen to 238.15 yen from 233.20 late yesterday. Early help by the Japanese central bank to prop up its currency failed to restrain the dollar's rise.

A half-point increase in the discount rate by the Belgian central bank was announced, but the dollar was unchanged at 28.27 francs.

However, the dollar fell to 4.0637 French francs from 4.0742, to 1.9130 guilders from 1.9152 and to 810.20 lire from 813.85.

Canada Gold Sale

OTTAWA, Dec. 12 (Reuters) — Canada will sell up to 1 million ounces of gold from its official reserves of 22 million ounces, Finance Minister John Crosbie said.

The sales will be made in the relatively near future if the market for gold continues to be firm, he said in his budget speech. Part of the offering may be sold to the mint for its gold-coin program, while the rest will be sold in the market, Mr. Crosbie said.

A Finance Department official said that direct sales to the mint are the most likely course of action, but that added no decision has been taken yet.

Mr. Crosbie also said the government plans to cut its budget deficit to \$Can.8.20 billion in fiscal 1981 from \$Can.9.94 billion the previous year. Government spending increases will be held to an annual average of 10 percent over the next four years, allowing no real increase after inflation, with the aim of cutting the deficit to \$Can.4.79 billion by fiscal 1984.

Canada Gold Sale

Official Aid

There were several attacks on the dollar today, forcing the West German and Swiss central banks, and finally the Federal Reserve, into the market, dealers said. Trading was thin, and there were hectic moments during the morning and after lunch, when the central banks were absent from the market, they added.

The main reason for the pressure on the dollar, dealers said, stemmed from worries about the impact of whatever price and payments policies may result from next week's

Wall Street Prices Mixed After Fed's Market Action

NEW YORK, Dec. 12 (Reuters) — Some energy stocks and a few takeover issues managed good price gains but New York Stock Exchange prices overall ended mixed today in active trading.

Analysis said the already cautious market found new reason for worry in action by the Federal Reserve. It drained reserves in the government securities market which analysts said seemed to indicate the Fed does not want interest rates to ease just now.

Southwest Bank of St. Louis cut its prime rate to 15 percent from 15 1/2 percent and was followed by another regional bank, First Georgia Bank. But major banks remained at 15 1/2 percent.

The St. Louis bank said the move reflects its thinking that "the prime rate is high in relation to short-term, high-grade investments."

The Dow Jones industrial average rose 1.97 to 835.67 but declines advanced by a small margin as

Wall Street Prices Mixed After Fed's Market Action

turnover slowed to 34 million shares.

Despite all the economic negatives, analysts said the market remains fairly buoyant because of the large amount of cash in the hands of institutional investors who are conducting selective buying operations and year-end portfolio adjustments.

Gamble-Skogmo was a standout, surging 7 1/2 to 36. Wickes plans to acquire Gamble for \$45 a share in debt and preferred stock.

Publisher Industries gained 4 to 8 1/2. Investment bankers Allen & Co. will buy 1.9 million Publisher shares for \$6.50 each from Publisher's chairman and certain estates.

Companies increasing quarterly dividends included American Building Maintenance to 19 1/2 cents a share, Cox Broadcast to 21 1/4, Charles River Labs to 10 1/4, Greater Jersey Bankcorp to 30, Mercantile Bankshares to 27, J.P. Morgan to 70 and Quaker Chemical, which split 2-for-1, to 11.

All of these Securities have been sold. This announcement appears as a matter of record only.

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By the time the Oilers realized what was happening, Larry Anderson, the Steelers' speedy kick returner, had raced down the right sideline and scooped up the ball on the bounce after it crossed the 50 yard-line and traveled the necessary 10 yards.

(43).
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 Koster 16), Truttlair (18); Lonsdale (22).
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son, the Oilers had cradled down the right sideline and scooped up the ball on the bounce after it crossed the 50 yard-line and traveled the necessary 10 yards.

But the official ruled possession in favor of Houston and the Oilers ran out the clock.

Yearbook's Record 1 (Don Mc (4), Thomas (4); Lerran (1)).
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Vancouver 4, Hartford 3 (Leaver (4), Ten (1), Lemel (3), Gittis (2 (9); Stoughton (3), (2), Rogers (1)).

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